

High-Performance Business II



Continuous renewal

Managing for the upside

By Jane C. Linder

An organization's ability to learn, grow and refresh itself is critical to high performance. Fostering and managing continuous renewal are most effective at the project and initiative levels. Here are five contrarian principles for making it happen.



Can organizations learn, grow and renew themselves the way individuals can?

The human body is capable of renewing itself in extraordinary ways: wounds heal, brains learn, hands master new skills. All in all, humans adapt in amazing ways to challenge and opportunity. But what about groups of humans working together toward common goals?

Accenture research into *performance anatomy*, one of the three building blocks of high-performance business, has shown that what is called *continuous renewal* is, in fact, a distinctive feature of the most successful organizations (see “In search of performance anatomy,” *Outlook*, October 2004). But why are some organizations so much better at renewing and refreshing themselves than others? How can some companies face the same set of external conditions as their competitors—changing customer patterns, competitive threats, revolutionary technology developments—but produce something clearly superior? What makes them able to identify breakthrough, market-making innovations and manage all the streams of activity successfully toward their desired outcome?

Two years of research into more than two dozen highly successful initiatives in different industries, in different geographies and at companies of different sizes has convinced Accenture that organizations achieve unconventional results through unconventional—sometimes counterintuitive and even contrarian—approaches. Most fundamental to these success stories, however, is a focus on managing projects with the upside in mind rather than on managing only with an eye to avoiding fail-

ure. These organizations inspire people to make the commitment, develop the passion and summon the energy necessary to produce excellence. This ability to renew continuously reflects high-performance anatomy at the enterprise level, but it is most visible and, more important, actionable at the project or initiative level.

Bilingual

Listen to effective project managers, and you will frequently hear phrases like “pulling the right levers” or “putting the right pieces in place,” as if an organization is a machine or a puzzle to be solved. But by raising the expectation level a few critical notches to initiatives that are not just effective but highly successful, companies can break new ground or deliver truly innovative outcomes. Leading those initiatives one will likely find executives who are “bilingual”: Along with “pulling the right levers,” they also talk about “orchestrating” initiatives or “unleashing” energies to get everyone focused on extraordinary achievements.

In other words, although these leaders are skilled at the mechanics of project management, where they really stand out is in the dynamics of mobilizing people and their energies. They recognize they are working in a less pre-

How to manage for the upside

To lead highly successful initiatives, traditional project management is not enough. High performers embrace several seemingly counterintuitive principles that enable them to achieve extraordinary results.

1. Reach beyond your grasp

- Pursue a cause, not an objective.
- Aim high, even if you are not sure how to get there.
- Take the initiative personally.

2. Blaze your own trail

- Open up possibilities; explore broadly.
- Step outside well-worn organizational pathways.
- Carve out your space; try unusual approaches.

3. Create a strong emotional field

- Leverage emotion as your initiative's powerful "silent partner."
- Ask people to do things they never have before.

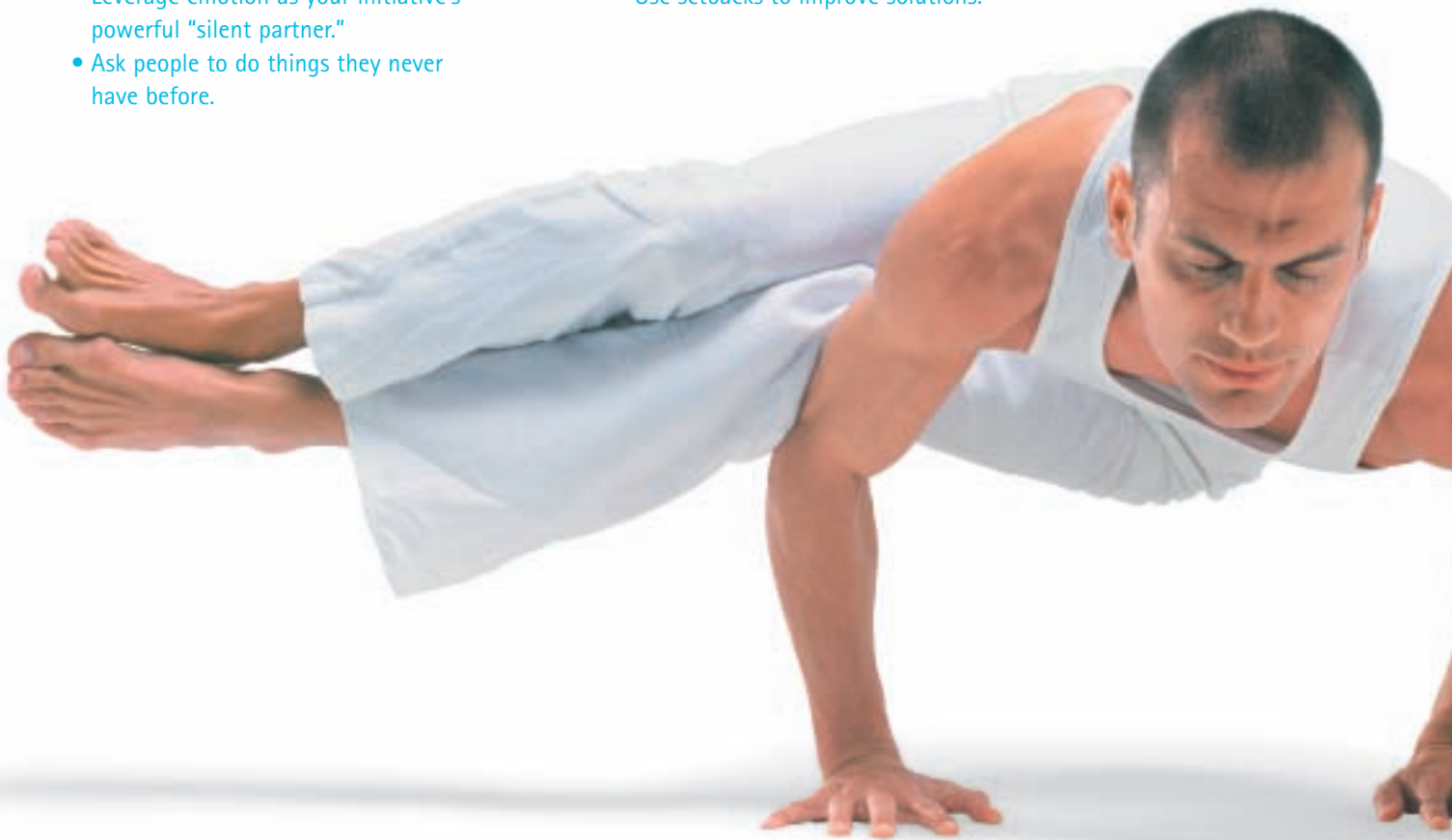
- Use opposition and scarce resources as foils to magnify your team's strength.

4. Spiral up

- Proceed holistically, not serially.
- Use success in one area to fuel momentum in others.
- Evaluate progress based on the value you aspire to create.

5. Use luck as an accelerator

- Welcome uncertainty; recognize that risk drives value.
- Turn unexpected events to your advantage.
- Use setbacks to improve solutions.



dictable, more open system. To achieve success in this kind of environment, they appear to be

gifted at what we call the five “contrarian principles” of managing for continuous renewal.

1. Reach beyond your grasp

Leaders of highly successful initiatives do not base their goals only on what they know they can achieve. Instead, they fuel their achievements with aspirations that others often call impossible.

Continuous renewal means absorbing and then going beyond the lessons of continuous improvement. In the cost-cutting culture of the recent half decade, small and incremental adjustments in process performance were welcome. When a flight attendant for one of the major airlines suggested that her company could save millions of dollars annually by giving each passenger one cocktail napkin instead of two, she was justly rewarded for her idea. But that kind of thinking will not win new customers or create the next market. The ideas now necessary to support growth must be less susceptible to imitation and commoditization; almost by definition, they require more systemic change if they are to be implemented effectively.

These innovations generally do not proceed in the cautious, plodding way of more traditional initiatives with the clear scope, adequate resources and aligned organizational pathways of conventional project management. Instead, they are often the result of a leap of faith and the energy of a small group of individuals.

This is the language used by Tad Elmer, who was a project manager at Cambridge, Massachusetts-based BBN Technologies when he accepted a challenge from the US Navy to develop a virtual reality simulator that would test torpedoes without

detonating them. Previous groups addressing this problem had come to the conclusion that building an all-digital system was well beyond the state of technology, if not out-and-out impossible. Recalls Elmer: “You have to be willing to jump. If we had waited until we knew we could do it, we never would have done it. We said to ourselves, ‘We *might* be able to do it, so let’s go ahead.’ ”

In some cases, the courage to leap comes from pursuing a cause rather than an objective. Consider the way Chet Wayland and Phil Dickerson, managers with the Office of Air Quality Planning and Standards at the US Environmental Protection Agency, approached bringing information about local air quality to the public. Their idea: Don’t hide this data from view until the threat has passed; instead, find a way to give the public a real-time picture of air pollution where they live. If citizens were reminded every day of the health threats posed by their polluted air, maybe they would work harder to improve it.

When they began in 1998, all these two mid-level civil servants had was that vision. They had no money, no staff, no tools and no regulatory mandates to wring compliance from polluters. In fact, they now admit that when they launched their initiative,

some of their colleagues at the EPA thought they were “nuts.” Wayland and Dickerson themselves were not even sure how to do what they proposed. Says Dickerson: “Chet and I wanted to bring data to the public in a format that they could understand and without having to do a main-frame printout. We wrote a grant request, and it was approved. Then we knew we had to produce something.”

They reached out to their colleagues—regional and local air quality managers around the country—to ask for their participation. By March 2005, all 50 states were contributing data so the project could provide the public with up-to-the-hour pictures of air quality as well as daily forecasts. As a result, people with asthma or heart problems, parents of young children, and those with regular outdoor exercise regimens know when they should shift their activities indoors. Some cities and companies now voluntarily shut down polluting operations when poor air quality is forecast. For example, Washington, D.C., eliminates bus fares on ozone

action days to encourage the use of public transportation.

Wayland and Dickerson and their network of volunteers tapped into a key part of the power of continuous renewal. Ultimately, every highly successful initiative finds at its core a deep sense of purpose. These initiatives succeed by igniting wildfires of meaningful work.

Finding meaning in work is in no way limited to the public sector. The CIO of a UK-based supermarket chain, who had developed his company’s leading-edge customer loyalty programs, regularly inspires his colleagues by sharing positive customer feedback that uses language like “a godsend” to describe these tools. Another executive, working at a US oil refinery scheduled to be shut down, decided that instead of simply presiding over the plant’s closure, he would find a buyer so that the employees would have a future. His home phone rang several times on Thanksgiving Day as workers called to thank him personally for his efforts.

2. Blaze your own trail

When reaching for aims that appear impossible, pathbreaking leaders put aside their proven methodologies and disciplined plans and strike off with a brash kind of confidence, knowing there is no turning back. Frequently, these kinds of leaders will inspire a great number of followers.

The crucial distinction between managing and leading is well established in management literature. Managing is largely about keeping things under control; leadership, on the other hand, is all about opening up possibilities.

Perhaps it’s not surprising, therefore, that conventional management, especially project management, is con-

cerned primarily with avoiding errors. *Managing* means taking paths that already exist; in many cases, that is exactly what the situation calls for. By contrast, leaders of highly successful initiatives know that the paths they need probably do not yet exist, so they must create them. Gradually, they clear out enough space to proceed and their teams press on, relent-



lessly making adjustments based on both success and failure. In a complex and unpredictable open system, this is the leader's version of the scientific method, and it is anything but deterministic.

Dave King, the manager of Kinleith, a pulp and paper mill in New Zealand, calls the approach "ready, aim, steer." To give their operation a competitive cost structure and strategic flexibility, he and his team resolved to change the mill's long-standing adversarial relationship with its workforce. Rather than play it safe by trying to improve relations while maintaining the status quo, King went for transformational change. He created an outsourcing arrangement in which the mill's workers would be reorganized under a different employer with

a new way of seeing their work: They would be focused on delivering services to an external client rather than to an internal adversary.

King notes that his organization could never have predicted all the activities this transformation would require. The company had to innovate in real time to create the step-change it needed—from negotiating a fair and collaborative deal with the outsourcing provider under time pressure, to convincing essential workers to transfer to a new employer. Through 18 months of challenging implementation, Kinleith's commitment did not waver. Ultimately, these efforts paid off in a mill that was more productive and profitable, and a workforce that was more engaged and satisfied.

3. Create a strong emotional field

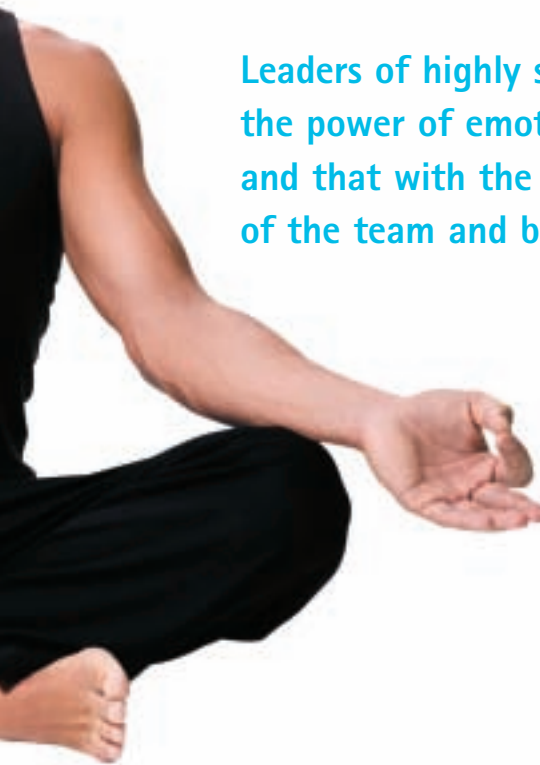
Leaders of highly successful initiatives realize that it is vital to recognize the power of emotion, especially on a team that is breaking new ground, and that with the right attention, this emotion can magnify the strength of the team and be transformed into the energy necessary to succeed.

Emotion is the silent partner behind organizational success, especially when it comes to the capacity for continuous renewal. Although executives may regard effective project management as something that demands rationality in the extreme, Accenture research has established a direct link between employees' emotional engagement and their performance (see "Harnessing the power of an engaged workforce," *Outlook*, February 2005).

We take that idea one step further to identify a link between an initiative's emotional field and its success. When

conventional management practices force plans, people, processes and decisions into frameworks that admit only rational considerations, the emotional side doesn't go away. It emerges as compliance—a downside mentality—and a short-term, "just don't fail" perspective.

By changing the way they manage the initiative, executives can kindle the organization's energy for the upside too. This enables the organization to develop a commitment to success and to sustain it over the years it may take to achieve lasting results. By allowing an effective emotional flow, they tap group passion.



One of the keys to creating a strong emotional field is to ask competent people to do things they have not done before. In the successful initiatives Accenture has studied, two things stand out. First, team members are often self-selected rather than drafted. Second, they plow new ground, not familiar furrows. The experience of choosing to take on a fresh challenge adds creativity and energy to the process. And this shows up in the results.

Consider the example of Toyota's 1997 production crisis. A factory—the primary source of a critical brake valve—burned to the ground one night. Because of Toyota's lean, just-in-time manufacturing strategy, most plants kept only a four-hour supply of the valve, and it would take six months to build a new factory. In the meantime, Toyota's production of more than 14,000 cars a day would grind to a halt.

Toyota asked its network of suppliers to find a solution. In a burst of truly decentralized problem solving, approximately 200 companies worked together to develop at least six entirely different production processes, each using different tools, different engineering approaches

and different organizational arrangements. Almost every aspect of the recovery effort had to be designed and executed on the fly, with engineers and managers across the network—even those who in normal times worked for direct competitors—sharing their successes and failures. Five days after the fire, production of the critical valves was in full swing; within a week, production had reached its pre-disaster levels.

The kind of coordination this activity required had not been consciously designed, nor could it have been developed in the drastically short time frame required. On the surface, it would have appeared impossible to achieve, given that it also required an intense, open commitment to problem solving among companies that were outright competitors. Yet this emotional field was actually already there, lying dormant in the network of informal relations—feelings of loyalty, pride and mutual respect built over years of healthy competition. Of course, the crisis added intensity and camaraderie, but when Toyota's leadership turned to the suppliers to solve the problem, they were betting that the underlying strong emotional field would instantly forge an effective team.

4. Spiral up

Highly successful initiatives sometimes progress along unexpected arcs, and part of the genius of it all is knowing how to influence an initiative along the arc most likely to reach the goal.

Conventional projects are expected to follow a linear process: define the objective, find the funding, put the people in place and then get going. Yet because each phase depends on the preceding one, and because so many things can go wrong, projects

can lose traction early or stall midway through.

By contrast, highly successful initiatives move forward holistically, not serially; progress looks more like a succession of ever-expanding

spirals than forward steps in a neat, straight line. Leaders of these initiatives manage each aspect of the value equation as if the others were surely going to fall in place. Because they think across all these facets simultaneously, they can use or even anticipate a small success in one area to create momentum in others.

That is how Eric Dishman, Intel's manager of proactive health research, approaches his company's initiative to help revolutionize health care. He explains that Intel is committed to understanding how computing can help people in the future. With his nine-person research team, Dishman has concluded that the current approach to healthcare delivery in the United States is in need of radical change and that technology will be critical

to creating a more viable, affordable system.

Intel will have a part to play in this, but, as Dishman says, "the entire home health ecosystem is involved." To make progress on his vision, he is taking a "spiraling up" approach that includes going on the speakers' circuit to talk to, and learn from, software and hardware company executives, cable TV providers, competitors, physicians and nurses, government officials and even the White House. By connecting people from these different domains as the spirals develop, he believes the accomplishments will grow larger, feed off one another and build momentum toward the ultimate aim. Exactly which avenues will become open is up in the air, and Dishman knows enough to leave them there for now.

5. Use luck as an accelerator

Organizations capable of continuous renewal know they are riding a beast only partly tamed. They do not control all the factors that produce success, but they know how to turn events to their advantage. They know how to spot opportunities and how to propel themselves forward when luck turns to their advantage.

Thoughtful managers who drive highly successful initiatives readily concede that luck often plays an important role. At the same time, these managers admit that 70 percent to 80 percent of their initiatives produce spectacular results.

So what's their secret to winning such an apparently disproportionate share of Lady Luck's attention? These leaders recognize that they do not and cannot control everything, and they watch for opportunities to

use external events to accelerate their progress. They take advantage of these unexpected developments to increase their own initiative's momentum. In other words, it's not what happens that matters; it's how they use what happens.

For example, several Australian executives working for a diversified pharmaceuticals, food and cleaning products company saw the chance to run their own business when their employer decided to divest its

noncore businesses. In response to a 1987 tender, the executives made a bid for the soon-to-be-divested wine division—and its brand, Jacob’s Creek—with the intention of breaking into the UK market, one of the largest wine markets in the world. In retrospect, it is possible to tell the story of this initiative as one founded on a series of unexpected events that turned out to indirectly benefit the partners.

When stock markets around the world crashed in late 1987, many of the bidders for the wine division got cold feet and withdrew their offers, providing the partners with the opening they needed. As Jacob’s Creek’s new owners began their push into the UK market, a major devaluation of the Australian dollar lowered their costs.

Meanwhile, the UK market opened up to new players for several reasons: The Chernobyl nuclear reactor accident raised concerns about European wines; wine imports from South Africa were halted because of trade sanctions against the apartheid regime there; and a temporary ban on wines from Austria was in place because of a chemical-additive scandal. That same year, Australia won the America’s Cup sailing event, raising the popularity of all things Australian. The partners used these lucky disruptions in the UK market (at least, lucky for them) to move their products into distribution channels that might have been closed to them early on.

Of course, the partners did not leave everything to luck. As they began to line up the major grocery chains to distribute their product, one large company we’ll call Wentworth’s balked at importing an unproven wine from Australia. In another illustration of how the partners turned

events to their advantage, they took out a large billboard on a busy traffic circle near London sporting the headline: “Jacob’s Creek Wine—available everywhere but Wentworth’s.” Twenty-four hours before the sign was to post, Wentworth’s relented and placed an order.

A striking, and perhaps unsettling, feature of these highly successful initiatives—the incomparable successes that can be produced by organizations capable of continuous renewal—is that so few people have an opportunity to experience them. When Accenture asks practicing managers to talk about the initiatives they have championed that were incomparable successes, fewer than half can think of a single example. Most of the time, this has nothing to do with their personal competence; instead, they have simply been a part of a system designed to pursue only conventional goals.

To opt for a different kind of future, executives will want to:

- Find their company’s “upsiders.” Every organization includes individuals with highly successful initiatives to their credit, and the people who have worked with them know exactly who they are.
- Legitimize the upside management approach. Capturing some of the company’s own contrarian examples and sharing the stories broadly will help bring this kind of management out of the shadows.
- Use it to break with the past. A contrarian approach may force executives to accept the distinctly uncomfortable feeling of being out of control. But in the process, they will begin to exercise organizational muscles they forgot they had.

Any manager can achieve incomparable success. How? Reserve conventional project management for initiatives with well-worn pathways to predictable results, and adopt this contrarian management approach when opportunity beckons. With practice, organizations in the private, public and not-for-profit sectors will internalize the ability to manage for the upside. And they will never be the same.

About the author

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