The Blind Side of Management

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ABSTRACT

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From the perspective of Depth Psychology, each of us to some degree suffers neurotic complexes of inferiority, superiority, and blind spots in our internal and external awareness. Hence, managing any organization requires managing oneself, or at least understanding the psychological processes involve. As demonstrated throughout this study, not only our inherent functional (neurophysiological) blindness but the acquired blindnesses of hubris, bias, exclusionary modes of perception, and fixed formulae of operation and administration affect our clarity of thought, the lucidity of our decision-making. And perhaps more so for leaders and managers vested in performance and profit: their capacities to listen, learn, interact, implement, recognize and pursue opportunities, recognize and address errors, are materially and decisively affected by the one-sided agenda of business. As argued throughout this study, a central dilemma of economic success entails our overtraining in supposedly objective and obsessively quantitative rational thinking, and our undertraining in purportedly subjective and typically derided emotional qualitative thinking.

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The style used throughout this dissertation is in accordance with the *MLA Style Manual and Guide to Scholarly Publishing* (3rd Edition, 2008), and *Pacifica Graduate Institute's Dissertation Handbook* (2015-2016).

Chapter 1 | The Blind Side of Management

The principle of equivalence states that "for a given quantity of energy expended or consumed in bringing about a certain condition, an equal quantity of the same or another form of energy will appear elsewhere"; while the principle of constancy states that "the sum total of energy remains constant, and is susceptible neither of increase nor of decrease."
C.G. Jung, *The Structure and Dynamics of the Psyche* (18)

A. *Introduction: The Case of Microsoft*

From the perspective of Depth Psychology, each of us to some degree suffers neurotic complexes of inferiority, superiority, and blind spots in our internal and external awareness. This includes, of course, business owners and executives so vaunted in our society. Indeed, while usually associated with rationality, hard data, statistical evidence, and entrepreneurial savvy, business management actually involves distinctly personal elements. To wit, otherwise apparently rational people display irrational behaviors, and even the seemingly most kind-hearted people exhibit a dark side, while the supposedly "normal" among us indulge abnormal habits and reactions. Because of this — that is, since emotions, psychic constructs, and automatic subconscious behaviors affect the clarity of thought of our leaders and managers, as well as their ability to listen, learn, interact, implement, and recognize insufficiencies as well as opportunities — study of these complexes as they play within our burgeoning global economic climate becomes not only relevant but crucial.

After centuries of indoctrination within an educational system privileging intellectual thought at the expense of purportedly "non-rational" feelings, the majority of business executives evince an imbalance of over-training in rational and quantitative thinking and inadequate training in emotional and qualitative thinking. Hence our leaders and managers tend to overestimate the world's visible material aspects and underestimate its

invisible ineffable ones, and to overrate technical prowess and physical result and underrate — or, indeed, completely ignore — intuitional gnosis and psychic energy. Consequently, many manifest emotional (and concomitant ethical) ignorance as well as erratic behavior and confused decision-making.

Social dysfunction, addictive behaviors, depression in the workplace, family disintegration, suicide, and a pervasive sense of meaninglessness characterize our contemporary social dilemma and indicate a loss of individual emotional intelligence.

Assessing knowledge gleaned as an executive in corporate environments and as a business consultant for more than a decade, I posit that "people" problems constitute the greatest difficulties faced by corporate businesses. While articulating and implementing a business strategy proves difficult, aligning people behind that strategy — engaging their passion, earning their commitment, and, particularly, finding clear-headed, lucid, decision-makers who employ critical thinking skills toward strategic choices — poses an even greater challenge.

Abundant examples demonstrate decision-making gone wrong, self-destructive leaders and managers, and irrational, often inexplicable behaviors. Yet confronting leaders with their dysfunctional strategies presents an extremely difficult task. Pointing out projections, repressions, and automatic unconscious behaviors typically triggers defensive reactions that polarize and often further fixate habituated positions. Though considered "constructive" by those offering criticism, identification of ineffective strategies and behaviors too often activates in those receiving criticism an intense resistance against "unreasonable" analysis as threatening to their egos. Recipients of criticism may respond with feelings of being "pushed" or "exposed," and tend to dismiss

such feedback and to “shoot the messenger,” accusing the communicator of critical insight as a bearer of bad news, and isolating him or her as a black sheep or “sacrificing” this person as a scapegoat. (This observation intends no judgment from an ethical perspective but critique from a functional perspective — that is, toward achieving practical, effective results, and continuing to do so over time in the course of changes in the business environment.)

Such maladaptive behaviors and their destructive results loom time and again throughout the business world. General Motors, Ford Motor Company, and Chrysler, for example, systematically lost market share for thirty continuous years (1978-2008) because their executives failed to perceive and utilize evolutionary changes in the automobile industry.

During this time, competition grew mainly from Japan with Toyota, Datsun (now Nissan), and Honda leading the pack of rising industrial powers as consumers grew more sophisticated about their choices and migrated towards these automakers’ smaller, more efficient automobiles.

Comprehensive analysis of the business strategies of U.S. automakers suggested poor plant productivity, excessive and unsustainable benefits packages for workers, and lack of marketing focus as reasons for the loss of American-made vehicle sales. In any case, American market share continued eroding, with “poor management” the typical explanation.

Which is to say that business analysts and consultants, academics, and theorists responded to the diminishment of these companies with their usual mode of analysis, focusing on management tools, techniques, data, and business intelligence — yet

neglecting, perforce ignoring, the psychological, personal, and unconscious lives of the decision-makers.

For these reasons, the most prudent — indeed, necessary — course for businesses entails consideration of a Depth Psychological approach to operating, marketing, and even hiring practices. Why not take into account the so-called irrational, invisible, dimension? Why not augment the standard arsenal of business logic with acknowledgment that the motivations and actions of leaders and managers includes emotional as well as rational influences, and that those in charge exhibit resistance to innovation, denial of ineffectiveness, and concomitant grief, anger, and frustration — all of which renders them, as with any other human being, prone to blindness and error? For all decision-makers endure such psychological complexes as repression, projection, and depression — all of which impacts the quality of their decision-makings. Moreover, business executives carry personal as well as organizational *shadow*, the Jungian term denoting an individual's unconscious reservoir of complexes, feelings of inferiority, and other unwanted emotions.

"Personal blindness" presents one of the greatest problems of our era — a problem of others, of course: the worst problems are never our own. Even business schools offering Masters degrees in Business Administration (MBAs) turn blind eyes to biases favoring the rational over approaches that sound irrational or "subjective." With curricula heavily loaded with metrical (numbers-based) frameworks and tools, business schools essentially ignore psychological aspects of good leadership and management. Yet command techniques prove insufficient to individuals unversed in first acknowledging and ultimately interpreting and navigating their own or their employees' feelings.

What happens when business executives feel bad psychologically — confused, or alienated — and neglect exploration of the meaning and implications of their emotions, upon themselves and upon their co-workers? What results when leaders and managers opt for denial or avoidance, repressing their feelings while pushing for greater productivity? In the face of poor performance or workplace conflict, does "working harder" serve?

What happens when executives struggle with articulating and communicating their emotional and psychological responses *as well as* their professional and economic goals? And when they grow angry and isolated in that thwarted effort? When in existential doubt, the majority of our leaders and managers lack models — or some sort of recipe — for dealing with consequent anxieties and dissension.

What happens when a manager suffers undiagnosed depression, or hides dispirited thoughts and feelings in fear of being labeled inadequate or, indeed, of losing their jobs? What happens when a leader suffers yet denies addiction, in him/herself or in colleagues? Or when a neurosis waxes so out of control that it causes dysfunction?

Not the least, what happens within and to the businesses managed by such executives?

These questions require address to assure the efficient functioning of any business. And most of them may be traced to the separation of human mind and spirit from its reverence for our material environment, a split culminated in the ruminations of René Descartes and characterized by C.G. Jung, James Hillman, and others as a sense of existential alienation pervasive in our culture. Culminated by Descartes — for such alienation arose earlier in human history and philosophy: the ancient Greeks demonstrate threads of this split in many myths, perhaps best exemplified by that of Sisyphus. And

thus these mythic narratives offer effective metaphors for the modern business world and contemporary workplace, where such ideas as economies of scale, specialization, and standardization — all supported by metrical and utilitarian technology and philosophy — amplify our alienation.

The West's conceptual and organizational approaches also partake deeply of the scientific method, becoming convinced of and reliant upon a metrical, purportedly objective understanding of life to the diminishment, if not outright exclusion, of emotional and intuitive forms of knowledge. Thus, we privilege and compulsively gather measurable "data," tangible proofs, palpably material evidence, and exalt the logic and utility of all things as, primarily, resources, and, rarely, as states of being or being itself. Yet while the scientific method relieves us of our "blissful" ignorance, and answers material needs of sustenance and security, it also dismisses and closes us to subjective processes and awareness difficult to substantiate or "prove" by scientific means.

Reflecting on this phenomenon, Jung maintains that "the much needed broadening of the mind by science has only replaced medieval one-sidedness" (*CW* 8: 220, para. 426). For, as Jung noted:

> Anything that has been elevated into a principle or a virtue, whether from inclination or because of its usefulness, always results in one-sidedness and a compulsion to one-sidedness which excludes all other possibilities, and this applies to men of will and action just as much as to those whose object in life is the constant training of memory. Whatever we persistently exclude from conscious training and adaptation necessarily remains in an untrained, undeveloped, infantile, or archaic condition, ranging from partial to complete unconsciousness. (*CW* 8: 124, para. 258)

"Hence," Jung cautioned, "besides the motives of consciousness and reason, unconscious influences of a primitive character are always normally present in ample measure and disturb the intentions of consciousness" (*Ibid.*):

> For it is by no means to be assumed that all those forms of activity latent in the psyche, which are suppressed or neglected by the individual, are thereby robbed of their specific energy. For instance, if a man relied wholly on the data of vision, this would not mean that he would cease to hear. (*Ibid.*)

In this respect, having moved from one extreme to another, we are no more "advanced" in our enlightenment than we were a thousand years ago. I submit that, as a consequence of our materialistic and Capitalistic approaches to existence and to business — the inherited script for living we unconsciously pursue — we are seduced, conditioned, or coerced into *unlived* lives, lives not truly arranged and pursued through our personal choices and aspirational visions. This conflict between cultural status quo and personal individuation informs the modern world's pervasive frustration, which, to one degree or another, results inevitably in disturbances of psychic processes and in impairment of decision-making. Such unconsciousness stands in daily view on our metropolitan subways and trains full of people commuting back and forth from work while hardly talking to each other, and rarely making eye contact. And an underlying standardization of society reveals itself in the essential uniformity of commuters' dress: dark suit, red tie, briefcase. We further disengage from each other and our surroundings by plugging into iPods and iPads, personal computers and smart phones, newspapers and magazines, or gazing into nothingness to avoid encountering those nearby.

Such societal standardization and isolation turns on, aided and abetted by, repression: the unconscious exclusion of painful or unwanted impulses, desires, or fears. Our modern world achieves a height of repression in subtle and overt forms by encouraging us to succumb to a conventional "ordinary" life, to set ourselves in the middle of a statistical

normality — the precise imperative and expectation of the pervading socioeconomic system, as psychologist Erich Fromm wrote in *The Art of Loving*:

> Modern capitalism needs men who co-operate smoothly and in large numbers; who want to consume more and more; and whose tastes are standardized and can be easily influenced and anticipated. It needs men who feel free and independent, not subject to any authority or principle or conscience — yet willing to be commanded, to do what is expected of them, to fit into the social machine without friction; who can be guided without force, led without leaders, prompted without aim — except the one to make good, to be on the move, to go ahead. (77)

Thus we nurture every day the Jungian shadow, as our psychic energies becomes more charged with repressed and undeveloped quanta. As Jungian psychologist Jolande Jacobi writes:

> Energy lost by consciousness passes into the unconscious and activates its contents — archetypes, repressions, complexes, etc. — which embark on a life of their own and irrupt into consciousness, often provoking disturbances, neuroses, and psychoses. (56)

Disturbances, neuroses, and psychoses evident in presidents, business leaders, and managers? Inevitably.

Our current ideas of progress and of measuring progress — Gross National Product (GNP), income per capita (IPC), home ownership, acquisitive power — minimizes or openly ignores our symptomatic existential alienation measured in psychological terms as depression, chronic anxiety, lack of meaning, and more. Consequently, business school curricula emphasize such blindness, as a matter of course, as a feature of its one-sidedness. Thus, the business world rarely considers true calling or vocation, which remains latent or dormant and thus unrealized. Further, this system of narrowed knowledge and frantic productivity encourages avoidance or denial of emotions, in effect anesthetizing us to a life of real feeling through task-driven hyperactivity discouraging if

not actively impeding self-reflection. That is, our modern culture, and especially its "business" environment, buries our innate human desire to pursue meaningful experiences under layers of conditioned orientation and cultivated distraction until it submerges from consciousness into deep layers of the psyche — to reappear inevitably, as symptoms, according to such Depth Psychologists as Freud, Jung, Fromm, Jacobi, and Hillman.

Our one-sided obsession with productivity and a competitive environment feeds upon and accelerates the expansion of ego and the activation of complexes, ultimately impairing lucid decision-making. Managers afflicted with such repression become ego-ruled and defensive, ignoring quantitative and qualitative facts and attaching themselves to received, conditioned, accepted beliefs and behaviors, often despite consequent polarization within their respective workforces, and in the face of ineffective results.

Such one-sidedness informs our study's critique, particularly in Chapter 5, of modern business culture. As a whole, this dissertation illustrates how seemingly unknown psychological dynamics impair decision-making, often to the degree of total "blindness" to more effective management techniques. Through an engagement with the predominant myths of and within management practices — including the decisive structural influences of capitalism and rationality — we both describe cognitive, often unconscious biases among our leaders and managers, and illustrate the process of creating shadow and its impactful role upon conceptual lucidity and business sensibility.

That said, the central purport of this study neither favors nor condemns pursuit of a productive life or a lucrative livelihood within the dictates of capitalistic society. Rather, our thesis underscores that the foremost consideration incumbent upon business leaders

and managers comprises an accounting not of “doing business” *per se* but of living a personal life, specifically with regard to individual psychological character. This emphasis arises at this late stage of the modern world paradigm not alone because of our requisite human mandate to understand and actualize our selves and our culture, which though necessary remains insufficient. Our emphasis arises because of dire implications and consequences emergent from a neglected, unexamined, or, worse, unacknowledged psyche — for both the effectiveness of judgments and decision-making in personal and business life, and for the decisive impact of the business environment upon our world.

Microsoft Corporation, once the wealthiest business company in the world, presents an exemplary instance of decision-making gone wrong in the hands of self-destructive leaders indulging irrational behaviors. Founded by Bill Gates and Paul Allen in 1975, the software giant may be described accurately as the high-tech equivalent of General Motors, “bringing flashier models of the same old thing off of the assembly line, even as its competitors upended the world” (Eichenwald).

Microsoft’s list of colossal strategic mistakes maps its failure to adapt to a dynamic marketplace. While the company relied stubbornly on its Windows operating system and Office suite of word and data processing software as its marketplace pillars, it sat idly as Google, Facebook, and Apple completely transformed the information technology and social media sectors of industry and society.

Microsoft’s performance on Wall Street reflects a decade of shortsightedness. Notwithstanding immense profits from the longtime hegemony of its flagship products, Microsoft stock increased its value at a sluggish pace while Apple’s stock gained 20

times its value (that is 3000 percent) over a single decade, 2001 to 2011, according to a report by CNBC.com's Giovanny Moreano.

Indeed, since in the course of that decade circumstances in the tech industry essentially reversed position, the Jungian concept of *enantiodromia* serves as an apt metaphor for Microsoft's transformation. In December 1999, Microsoft stood as the world's most valuable company. A dozen years later, in 2011, Apple replaced Microsoft by posting a market capitalization of $541 billion. A cautionary story epitomizing the dangers of success, this role reversal proceeded directly from policies and practices that rendered Microsoft precisely what it claimed to most despise: a company incapable of innovation.

Fingers pointed at CEO Steve Ballmer as the man to blame for the company's incapacity to innovate (Eichenwald 108). While inculpating a single person for a company's decay often oversimplifies the issue, a close look at Microsoft's evolution during the past decade reveals that the great difficulties faced — and unaddressed — by the tech-giant manifested as (and remain) a "person problem" and a "personnel problem."

Steve Ballmer's ascension unquestionably influenced Microsoft's behavior. In January 2000, at a time when company stock enjoyed its all-time high, Ballmer became Chief Executive Officer (CEO). In view of the company's subsequent decline, the essential if obvious question looms: was Ballmer the right man to lead Microsoft?

The man who joined Microsoft in 1980 as the first business manager hired by Gates headed several Microsoft divisions over the preceding 20 years, including operations, operating systems development, sales, and support. His ascent may best be analyzed from the perspective of the "Peter Principle" formulated in 1969 by psychologists Laurence J.

Peter and Raymond Hull. Introducing the science of "hierarchiology," the duo explained that any organization basing promotion on achievement will eventually promote its members beyond their abilities. Ballmer in 2000 — a "businessman with a background in deal-making, finance, and product marketing" quite unlike his predecessor Gates, a "software-and-technological genius" (Eichenwald 132) — occupied Microsoft's top position. And became an exemplary model of the Peter Principle.

Gates and Ballmer displayed not only different qualities of character, but also different qualities of temperament. As Microsoft began its gradual decline, its new CEO exhibited motivations, decisions, and actions reportedly more and more emotional, according to testimonials by former Microsoft executives: frustration and anger, they observed, drove Ballmer's behavior, and drove Microsoft into several major mistakes. For instance, when Engineer Mark Lucovsky met with his boss in November 2004 to announce his acceptance of an offer from Google, Ballmer threw a chair against a wall, and yelled insulting words against Google and its chairman Eric Schmidt (*ibid.* 134).

Thus Ballmer serves as a prime example of our study's thesis that leaders and managers motivated or overtaken by emotion, denial, and frustration become not only prey to their own personalities but prone to mistakes of devastating magnitude.

Yet while Ballmer represents Microsoft's "person problem" on an organizational level, his visibility veiled the company's more insidious "personnel problem": organized as a lean, competitive machine led by young and talented visionaries, Microsoft "mutated into something bloated and bureaucracy-laden, with an internal culture that unintentionally rewards managers who strangle innovative ideas that might threaten the established order of things" (*ibid.,* 111).

In other terms, Microsoft mutated into the kind of obsessive-compulsive or passive-aggressive company described in 1984 by corporate leadership expert Manfred Kets de Vries in *The Neurotic Organization* (*passim*).

Microsoft's transformation resulted from cultural changes in the company, which became characterized by internal fights and power plays that rewarded employees not only for measurable technical achievements but for devotion to the status quo — in effect, ensuring caution and complacency among colleagues. In 2000, Microsoft endured a major change in top management, and thereby initiated a major alteration of its organizational personality: an atmosphere of competitive ruthlessness replaced the collaborative camaraderie of earlier times, when the hallways at Microsoft were "home to barefoot programmers in Hawaiian shirts working through nights and weekends toward a common goal of excellence" (Eichenwald 111). From an organizational point of view, a particular kind of "hubris-syndrome" marks this change in the company's culture: Microsoft's success after the launch of Windows 95 instigated extreme pride and concomitant arrogance, which gradually led to a culture of grandeur ungrounded in real-world innovations and steeped in overestimation of its capabilities.

Having, as it were, lost touch with reality, the company weathered repeated irrational management decisions, as exemplified by its disastrous move into the nascent e-book reader market. Gates had argued as early as 1998 that the e-book "wasn't right" for his company, and Microsoft's technology group was "reclassified from one charged with dreaming up and producing new ideas to one required to report profits and losses right away" (*ibid.,* 112). In short order, Microsoft rushed an awkward product to market, failed

to attract consumers, and immediately translated that misstep into a retrenching insistence on expanded profits.

From a psychological point of view, Microsoft's one-sided obsession with profits accelerated activation of complexes, which in turn ultimately impaired lucid decision-making. Becoming defensive, and thus ruled by ego, company managers ignored market and industry facts, and attached themselves to their familiar, entrenched status quo (as represented by Windows and Office) despite consequent polarization within their respective workforces, and in the face of ineffective results.

Which is to say that a shared psychosis overwhelmed the company, contributing to and exacerbated by Microsoft staff recognition of the end of the company's grand era of wealth creation for employees. According to one former senior executive, people at Microsoft grew complacent, lost motivation, and thus turned from an emphasis on contributing through technical innovation to a pursuit of climbing the company management ladder. That is, a contamination of bureaucracy overtook the company: "More employees seeking management slots led to more managers, more managers to more meetings, more meetings led to more memos, and more red tape led to less innovation" (*ibid.,* 132). On the other hand, the company's constant assessment of employees — Microsoft's so-called "stack-ranking system" — rendered team-building impossible and thereby impeded, and in fact eroded, its ability to innovate.

Microsoft ignored, completely, psychological aspects of good business practice. Technical expertise and layers of management alone proved insufficient — indeed, inadequate — through a decade of mistakes and missed opportunities.

B. *Review of Literature*

1. Depth Psychology: A Personal Story

I discovered the unconscious at 22, upon graduating from business school. Despite an offer to work in a planning and strategy corporation, I decided to work for my father. I wanted to grow the business and occupy my place as the eldest sibling in my family. I also thought this would fulfill my father's wishes, as we had talked and dreamed about it for a long time.

The following year, at 23, I encountered the work of Sigmund Freud. Though I had heard about him and his theories, which many proclaimed absurd, I conceived a series of existential questions that drew me to his theories. The more I learned about Freud, the more I began bumping into resonances with him — everywhere and often, and especially in the business workplace, which I view as representing a conglomeration of individuals intent on making a living while of necessity integrating into work teams. Freud's influence informed me amid discussions of strategy, reviews of results, and calculations of Net Present Value (NPV), during each of which I heard such statements as "I do not like that person for a salesman; he is all repressed" or "He has problems with authority figures" or "a bloated ego."

Further, Freudian theory figures in market research processes, influencing surveys, quantitative and qualitative studies, and, ultimately, projective studies. The latter, fostering introspection through indirect means such as metaphors and drawing or cutting out images, were developed by sociologist Gerald Zaltman of Harvard, among others, for inducing people to reveal deep motivations and emotions about choices and decisions, mostly unconscious, involving consumption.

Freud's influence also plays out in explanations of leadership, especially in studies of how leaders lead companies to success or destruction, and how some demonstrate propensities for stability and consolidation while others exhibit "rollercoaster" conditioning that courts dangerous thresholds of win-lose risk-taking.

Michael Maccoby, an anthropologist, psychoanalyst, and noted business consultant, often invokes another Freudian concept: the phenomenon of transference, which describes subordinates who unconsciously relate to their bosses as father figures and may, further complicating the scheme, seek with leaders resolution or re-enactment of parental dynamics.

Freudian thought also figures in assessments of individuals purportedly succeeding or failing in business management. As proposed by Jonathan Gosling of the University of Exeter and Henry Mintzberg of McGill University, five mindsets and skills explicating business management evince Freud's influence:

- oneself — the reflective framework;
- organizations — the analytical framework;
- context — the worldly or global framework;
- relations — the framework of collaboration;
- change — the framework of action.

Robert Dallek, a historian of American presidents, figures in our discussion with his application of psychology to politics, which in many respects resembles the world of corporate leadership. He argues that many politicians are "paranoid" and "strive to be greater than their parents". To this we append psychologist Alfred Adler's observation

that people often seek political power as means of compensating disempowerment in childhood.

How business managers handle themselves and how they interact with others seemingly proves essential for determining their success, yet business schools largely ignore such “unscientific” and minor issues. The business establishment — academic and professional — criticizes Freud for a perceived inaccuracy of his theories, and for the fact that he rarely applied rigorous scientific methodology. However, he left a legacy — a conceptual frame and vocabulary — known worldwide that offers useful revelations about the unconscious, human ambivalence, childhood formation of personality, and his practice of a “talking cure.”

While at times dismissed or unheralded, Freud’s influence offers keys to assessing and understanding behavior, ideas without which, for instance, I would have failed in effectively working with clearly neurotic bosses and subordinates, an auditor unable to sleep because of obsessive-compulsive impulses, businessmen and politicians denying or clinging unsuccessfully to underlying issues. Despite retrospectively clear errors in his theses and approaches, Freud served as a seminal thinker who transformed the lexicon of humanity.

Both building upon and signally departing from Freud, C. G. Jung deepened that lexicon with concepts as or more well known than their progenitor. His *Collected Works* referenced throughout this study explicate the shadow side of the modern business *zeitgeist* steeping contemporary institutions in the “scientific” frame of mind. Following Jung’s lead, such works of Joseph Campbell’s *The Hero with a Thousand Faces*, Otto Rank’s *The Myth of the Birth of Hero,* and Edward Edinger’s *Ego and Archetype* inform

this study's identification and elucidation of a "new" type of hero, that of the successful businessman so often portrayed on the covers of magazines and in the pages of newspapers around the globe.

In employing psychological and, particularly, Depth Psychological concepts, our discussion here relies on Heraclitus' *Fragments* in emphasizing the concept of *enantiodromia*; on Jung's *Collected Works* in describing the structure of the psyche, including the shadow and the creation of complexes; on Freud's concept of defense mechanisms as described in Anna Freud's *The Ego and the Mechanisms of Defense Mechanisms*; on Hillman's elaborations of Jung in *Re-Visioning Psychology*; and on Marie-Louise von Franz's ideas of projection as elaborated in her *Projection and Re-collection of the Psyche*. In addition, Arthur D. Coleman's *Up From Scapegoating*, René Girard's *The Scapegoat,* and Silvia Brinton Perera's *The Scapegoating Complex* help demonstrate how leaders and managers typically handle blame and avoid responsibility in crises.

Perhaps through these explorations I will no longer dream of Freud. Or maybe dream of him even more?

2. Business Management Theory

In addition to several perspectives from the field of psychology, this study describes today's prevalent management thought and myth by incorporating a review of current business management theory from such academic sources as Max Weber's *The Protestant Ethic and the Spirit of Capitalism*, Frederik W. Taylor's *The Principles of Scientific Management,* and Gary Hamel's *The Future of Management*, as well as

research from such diverse news sources as, among others, *The Wall Street Journal*, *Business Week*, *Fortune*, *The New York Times*, *The Economist*, and *Barron's*.

To underscore the importance of the psychological processes of leaders and managers, our discussion surveys several authors addressing the human side of business in organizations, including Daniel Goleman's *Emotional Intelligence,* social psychologist D. M. Wegner's *The Illusion of Conscious Will,* and Justin Menkes' *Executive Intelligence*. Further, Ginger Grant's *Re-Visioning the Way We Work*, Steven Berglass' *Reclaiming the Fire*, and Mihaly Csikszentmihalyi's *Flow* specifically address aspects of meaningful and productive working experiences. In addition, this study reviews the dramatic demise of the American automobile industry, among others, with reference to Manfred F.R. Kets de Vrie's *The Leader on the Couch* and (with Danny Miller) *The Neurotic Organization*, as well as Paul Babiak and Robert Hare's *Snakes in Suits* and Paul Ingrassia's *Crash Course: The American Automobile Industry's Road from Glory to Disaster.*

Related areas of research, as well as advances in neuroscience, enable us to measure scientifically and acknowledge definitively that the skills deployed by leaders and managers to monitor their emotions, to reconcile and integrate different dimensions of being human, and to hone their capacities for interacting with others, form a decisive aspect in the effectiveness of their work. Before serving as an administrator, before taking charge as a leader, before working as a marketer, comes the question of being a person.

Finally, this study undertakes consideration of, perspective upon, and some hopeful solutions to this pervasive contemporary problem. Intent on providing guidelines and

fresh ideas for individuals concerned with the psychic component and quality of their lives, and with particular attention to the implications of decision-making upon and within organizations, I invoke Friedrich Nietzsche's *The Birth of Tragedy* and Albert Camus' *The Myth of Sisyphus* to reinforce the idea of balance between conscious and unconscious forces, in contrast to Jungian notions of one-sidedness and ego-inflation.

C. *Organization of the Study*

Chapter 2: Business Management Theory, Depth Psychology, and Mythology unfolds one of this study's integral concepts: business entities as organisms interacting with — adapting, thriving, and winning within — a business environment. Here I review the production and exchange process as well as management thought, and their influence by such cultural ideas and phenomena as scientific method, the Industrial Revolution, and the emergent discipline of scientific management. I also describe the hero's journey and epic heroes of the past, juxtaposing them a new type of hero: the successful businessman. These concepts inform our consideration of the bases for current mental frameworks of decision-making.

Further, Chapter 2 clarifies applicable elements of Depth Psychology, including Freudian notions of ego and defense mechanisms and Jungian observations on our human propensity for projection and the structure and dynamics of the psyche. A detailed description of psychological "shadow" explicates the one-sidedness of a purely rational approach, its unsustainability, and its consequent poor judgment — or worse: a personality split, or "breaking of the psychic dam." This in turn leads us to an exploration of the myths of Sisyphus and other figures and their relation to — and wisdom for — the

modern business world's blindsided "rat race." In this way, our study underscore the importance of psychic balance and the need for greater awareness of the unconscious, both individual and collective, with a crucial goal of enabling readers to increase consciousness in decision-making, thereby fostering more effective and constructive choices.

Chapter 3: The Current Business Zeitgeist: Scientific Management surveys contemporary management ideas and concepts and explores the predominant status quo of business theory and application.

Chapter 4: Business Dynamics, Momentum, Stages, and Organizational Psychic Energy provides a fresh perspective on business dynamics, examining how they function with a life of their own.

Just like people, business companies move through patterned stages and phases. Thus, crises that an entrepreneur faces over the course of business development and management prove, to some extent, predictable. Five distinctive crises inform our discussion: sales and cash-flow; focus; control; institutionalization; flexibility. Because, above all, these crises are psychological, they serve this chapter's consideration of applied psychology in the business world, and its emphasis on the importance of their psychological assessment. Included terms such as "emotional intelligence" illustrate several typologies evident in the processes and practices of individual managers and corporate companies. Further, delineation of what Wegner calls "the illusion of control" underscores psychic elements that unconsciously affect the judgment of decision-makers.

That said, the chapter emphasizes my notion that the vast majority of crises in business management orbit three central factors:

- implementation and best practices — that is, most effective administrative management of a company based on efficiency, maintenance, productivity and optimization;

- systematic detection and exploitation of opportunities;

- design and implementation of trade-offs between the preceding two factors, as apropos to a company's context and history.

Chapter 5: Psychic Energy and the Challenge to Business Sensors describes the psyche, structure, dynamics, biases, and errors of judgment endemic within contemporary business management ignorant or avoidant of the unconscious and its challenges to organizational energies.

Chapter 6: Summary, Conclusion, and Reflection provides an overview of this study's sampling of companies "gone wrong" through irrational and self-destructive behaviors exhibited by their managers and leaders. With the American automobile industry serving as core case-in-point, our reflection encompasses several industries and scenarios. This recapitulation demonstrates the Depth Psychological view that we ignore our inner personifications at great peril. As Hillman posits in *Re-Visioning Psychology*:

> An axiom of depth psychology asserts that what is not admitted into awareness irrupts in ungainly, obsessive, literalistic ways, affecting consciousness with precisely the qualities it strives to exclude. … Thus we are more obsessive and enslaved by the sublimated forms of culture than by the original metaphors. We are more pornographically sexualized than our sexuality, more aggressively power-driven than our ambition, more hungry and dependent than our needs, more masochistically victimized than our suffering requires. (46)

Today's fragmented, specialized business world obsesses on its one-sided "productivity." Our leaders and managers introject a precise goal: success measured in economic and materialistic terms. Recent generations assume a "scientific" approach to life intent on gathering data, requiring "proof " as strictly tangible evidence, and

privileging the “logical” and utilitarian value of everything — hydrogen to humans — as material resources. Jung critiqued this advent, maintaining that “the much needed broadening of the mind by science has only replaced medieval one-sidedness — namely, that age-old unconsciousness which once predominated and has gradually become defunctive — by a new one-sidedness, the overvaluation of scientifically attested views” (*CW* 8: 220, para. 426).

And we pay a terrible price for placing “efficiency” at the pinnacle of our priorities. Mass production requires mass behavior, with unpleasant consequences increasingly demonstrable. Whether the human race manages to rise above these concerns — or, rather, *below*, to the psyche’s rich underworld of self-understanding — and prove its sustainability remains to be seen.

Chapter 2 | Business Management Theory, Depth Psychology, and Mythology

A. *The Core*

Businesses operate as organisms interacting with their environment: adapting, moving through cycles of thriving or diminishing. Adaptation comprises the core of survival: accommodation to viability of habitat, availability of resources, ingenuity of effort. And as with organisms, so with businesses: competition both innovates and assails a target base (environmental community, customers) even as markets (environmental habitat, business climate) change their behavior in erratic and unpredictable forms. Much as any organism, a business to survive must fully engage in this transactional exercise with its environment, must respond to stimuli (input) and generate response (output) relevant to its circumstances to generate means of sustenance (products) and surplus (profits).

A company in sync with its times, that evolves with and profitably anticipates its environment, survives. A successful company responds to its inputs: its vendors and products that serve as and transform into relevant value (goods and services) aimed at a specific target market. This internal process amalgamates people, expertise, and technology to serve its major stakeholders: employees and stockholders, suppliers and creditors, and customers as well as the general public, communities, activist groups, business support groups, and the media.

Just as we may fairly consider any business a living organism with a life of its own, we may perceive how a company moves, as Freud insisted that all organisms move, toward the Eros energy of growth and expansion or towards the Thanatos energy of entropy, decay, and death.

Jung also helps us view businesses as organisms — that is, as systems with a lives of their own: deploying themselves unconsciously toward spontaneous and ever-changing goals apart from their consciously stated agendas and functions; pushing themselves (via management) toward strategic, intended, albeit often unarticulated or misaligned, goals; manifesting an organizational collective unconscious with agendas overt and covert; and expressing the individual unconsciousness of its owners and managing directors.

Deciphering this amalgam of acknowledged motives and shadow drives presents a difficult task, yet our study centers on mapping dynamics or energy patterns present in all organizations. On one hand, we note a progression of energy evincing an emphasis on external pursuits: exploring, probing, reproducing, expanding. On the other hand, we note a regression of energy evincing an emphasis on internal pursuits: structuring, defining, maintaining, preserving. This opens to a post-modernist discussion of the conflict between system and personnel demands versus individual demands. Jung describes this from a psychic perspective:

> Progression as a continuous process of adaptation to environmental conditions springs from the vital need for such adaptation. Necessity enforces complete orientation to these conditions and the suppression of all those tendencies and possibilities which subserve individuation. (*CW* 8: 39, para. 74)

This idea resonates with the work of Frederick Taylor, the forefather of scientific management, who underscored the needs of organizations over those of individuals, thus assuring maximization of value that, in turn, benefit the needs of the individual, at least theoretically.

Jung describes regression as "an adaptation to the conditions of the inner word [that] springs from the vital need to satisfy the demands of individuation":

> Man is not a machine in the sense that he can consistently maintain the same output of work. He can meet the demands of outer necessity in an ideal way only if he is also adapted to his own inner world, that is, if he is in harmony with himself. (*CW* 8: 39, para. 75)

The tension is inevitable. Yet how can the CEO of a company fulfill this idea of harmony? Beyond that, and even more complicated, how does a company, as a system in itself, attain harmony?

From the Jungian perspective, the successful battle of business entails not only effective external competition but effective address of conflicts between internal energies of progression and regression. Ignored or poorly managed, these conflicts deplete an organization and can cripple it, handicapping its capacities to cope with environmental elements, including accelerated globalization, fickle consumer preferences, and innovative and disruptive technologies.

Thus the question of harmony itself evolves, morphs: how can a company prepare itself to not only balance conflictual energies but to deploy them and thrive? This dissertation focuses on the first part of that question: acknowledgement of unconscious needs of an organization and its individuals; that is, recognition that exerted free will and honed conscious thought address only part of the business management picture.

For a trained, top, ambitious MBA, posing the idea of unconscious impulses or actions is impossible. This MBA trained, theoretically, in all the possible tools he or she requires: finance, operations research, industrial engineering, statistics. Holding my own MBA from the University of Texas at Austin, for the past 25 years I have taught in MBA programs in several universities and have heard mention of the unconscious seldom, if ever. When it warrants mention, the unconscious is underestimated — and to contemplate

the unconscious “taking control” as in a complex or a personality split, or as contradictory impulses, invites dismissal: the notion is too much, if not crazy.

With top management focusing so thoroughly on the conscious, underestimating the unconscious or ignoring it completely, the unconscious finds unwitting nourishment and reinforcement. In this light, intending no overstatement, we come to ask whether the business world might be overrun by the unconscious? May both successes and failures be attributed to the unconscious? If we accept that unconscious life influences, if not determines, the behavior of an individual, may we claim the same for our leaders and managers in conducting the business of their respective organizations?

More often than not, success results from luck: being at the right place at the right time, finding a niche, a soft spot in the market. Just as often, the business information industry — such as *The Wall Street Journal*, the magazines *Fortune, Forbes*, and *Harvard Business Review* (HBR) — attributes failure to lack of innovation, poor products and services, mistakes in management.

Yet all success begins with an opportunity. How can a company detect changes in the market, incisive attacks from competitors, movements in organizational morale, management failures or technological disruptions? What *sensors* does it use to detect new opportunities or threats in their embryonic stage?

Bats have their highly efficient echolocation system. Eagles have their uncanny sight. Tigers and other predators have their eyes in front to detect prey, while prey have their eyes at the sides for defensive peripheral vision.

A business company, like any other organization, must move, grow, adapt, and spawn. The better a company detects variables in its surroundings and chooses among the

endless possibilities of management action, the more likely its survival and development. Whatever the strategic model of a company, at the end it defines what to do more, what to do less, what not to do, what to do differently and what to do new.

The life cycle of a business begins with the entrepreneur, whose main strength is his sensitivity to feel, sense, perceive, "smell" an opportunity. An entrepreneur engages risk, bets and dares, yet with especial sensitivity and flexibility to adapt.

Entrepreneurs expend no worry on questions of efficiency or even initial accuracy of an idea. They rehearse, produce, test, fail, modify, resume, again, till they hit soft spots in the market. Through trial and error, an entrepreneur engages an accelerated learning process. In the initial stages of development, earnings cannot serve as the dominant criterion for decision-making, or even for assessing success. An entrepreneur scans and detects, meets or innovates a need or service, to find the right value proposition.

After the first stage of establishment and production, a company settles into a different energy, a stage of efficiency in following and capitalizing on its formula. From this stage, sensors move from the human to the structural, or institutional, and abound with formulated administrative techniques and management strategies designed by chemical, industrial, and systems engineers, and by financial experts. Dashboards of production and performance are established and measured regularly. Normalization, certification, and standardization comprise the key operative concepts of this stage.

And yet these institutional sensors decay or calcify, leaving a company tangled in "standard" procedure, erratic in response, and, too often, increasingly disassociated from its market. Far from tracking or generating trends and movements within its operational eco-system (that is, its market), the company and its "standard" procedures become ends

in themselves, and justification for avoiding change. Such "official" sanctions numb an organization to the outer world (that is, its market) and keep it absorbed in its internal management performance.

Which is equivalent to working with broken sensors. Areas that touch the outer world, such as a company's sales force, receive scant attention, its members tiring of management unresponsive to its reports from the field; market research develops skews, often unconscious, that validate current management; customer service grows stagnant, sterile, emphasizing faster-and-better solutions to familiar problems above listen-and-respond attention to emergent inquiries.

In these straits, some companies seek the participation of entrepreneurs to restore the organizational and environmental sensitivity necessary to identification of and engagement with opportunities: that is, an individual who can "read" the market, someone with "instinct." Thus the return of entrepreneurial instinct and innovative insight brought by Steven Jobs to Apple, Michael Dell to Dell, and Howard Schultz to Starbucks — the return of imaginative founders to the companies they founded: if the founders still have that entrepreneurial "touch," they may perhaps rescue their respective companies from their existential anesthesia, a condition often resulting from initial "success."

Hence we define a crucial duality: individual sensitivity vis-à-vis institutional sensitivity. Yet while one might conclude from this trio of exemplary models that an individual excels a management structure in leading any given company, that leap remains debatable, and attended by many qualifiers.

For though an individual may exhibit, and more readily act upon, a higher degree of sensitivity toward her environment, the unconscious plays a dominant role, as Jung mentions:

> As further contents of consciousness, we can also distinguish volitional processes and instinctual processes. The former are defined as directed impulses, based on apperception, which are at the disposal of so-called free will. The latter are impulses originating in the unconscious or directly in the body and are characterized by lack of freedom and by compulsiveness. (*CW* 8: 293, para. 142)

Jung's assertions rest, precisely, at the core of this dissertation: unconscious influences upon an individual's decision-making process, and their implications when acknowledged and when ignored: "The psyche is the starting-point of all human experience, and all the knowledge we have gained eventually leads back to it. The psyche is the beginning and end of all cognition" (*CW* 8: 125, para. 259).

1. Personal Energy

Just as all knowledge leads back to the psyche, all activities, strategies, and tactics deployed by a company trace back to decisions made by business owners and executives.

Thus, the beliefs, attitudes, and character of a given leader or manager informs those of the company under his command. A young, enterprising, and spirited leader builds a young, enterprising, and spirited company. While time eventually depletes enthusiasm, a vigorous, energetic, and passionate entrepreneur builds a like company, just as a tired, weak, and disinterested leaders affect their companies.

In Ancient Greece, enthusiasm (*enthousiazein*) meant being "inspired or possessed by a god," rapt in the ecstasy of divine inspiration (from *entheos* or "divinely inspired, possessed by a god" a compound of *en* "in" and *theos* "god") according to the Online

Etymology Dictionary. That polytheistic epoch understood humans as in service to a variety of presences or energies seeking manifestation. Thus, one found enthusiasm through devotion to and inspiration or possession by a godform particular to one's aspirations. Further, as Hillman notes in *Re-Visioning Psychology*, Ancient Greek culture recognized that each human enjoyed (and endured) the lifelong companionship of a personal divine guide or *daimon,* called *ingenium/genium* by Romans, *ka* by Egyptians, "guardian angels" in Christian theology, and *ochema* by Neo-Platonists. This intuitive and spiritual perception persists today, albeit in a more unconscious way, in such notions as a person having "a good spirit," or as a consistently successful person being "inspired" (having spirit), or being filled with "genius.

In our Modern epoch, we invest little belief in these energies, or understand them in too literal a way, because they were defamed and rooted out by the Enlightenment, dismissed and incinerated during the Industrial Revolution, and "disproved" and supplanted by the scientific method. That is, in just 200 years we swept away thousands of years of tradition. And yet — believe it or not, call it what you will — enthusiasm, as well as inspiration and natural talent, remain visible to the naked (albeit biased) eye, remain palpably within the realm of feeling. Entrepreneurs centered in their vocations emanate energy and vitality evident from the way they think, communicate, and even move. And professional investors — venture capitalists — tend to weight their decisions more toward the enthusiasm of young entrepreneurs than to any financial projections they offer.

When enthusiasm and ability of an individual matches a given challenge, the synthesis or symbiosis between them becomes "flow," as conceived by Mihalyi

Csikszentmihalyi (*passim*). Steve Jobs, one of the most revered entrepreneurs of our time, evidently mastered flow, as reflected in his comments on enthusiasm and dedication. Regarding the search for "your path" — calling, or personal passion— Jobs on 12 June 2005 told the 114th graduating class of Stanford University:

> If you haven't found it yet, keep looking. And don't settle. As with all matters of the heart, you'll know when you find it. And like any great relationship, it just gets better and better as years go on. So keep looking. Don't settle. (Jobs 0:08:38-:45)

About the energies or signs that provide clues to calling and success, Jobs said:

> …you can't connect the dots looking forward. You can only connect them looking backwards. So you have to trust that the dots will somehow connect in your future. You have to trust in something — your gut, destiny, life, *karma,* whatever — because believing that the dots will connect down the road will give you the confidence to follow your heart, even when it leads you off the well-worn path. And that will make all the difference. (*ibid.,* 0:05:07-:32)

And about work, Jobs said:

> You've got to find what you love. And that is as true for work as it is for your lovers. Your work is going to fill a large part of your lives, and the only way to be truly satisfied is to do what you believe is great work. And the way to do great work is to love what you do. (*ibid.,* 0:08:21-:38)

In short, the human condition often appears rife with emptiness, existential anxiety, and ambiguity, yet also blooms with — and perhaps finds meaning through — challenge, exploration, and discovery. Long live the process.

2. Killer Efficiency

Nothing sets the juices flowing more than reducing expenses and, consequently, growing profits — a noble pursuit: tangible, concrete, measurable in the short term. The mentality of "this works for that" provides the essential language of the pragmatic

approach of business. Nevertheless, many companies disintegrate in the name of efficiency, and many die while waving the flag of productivity.

Extreme efficiency castrates a company, douses its creative fires, calcifies its flexibility into predictability. Producing more with fixed means and functions sounds wonderful, yet may be fatal. An obsession with productivity or "efficiency" too often squeezes out room for creativity and efficacy (that is, innovation) or other abstract criteria. *Doing something "right" is not the same as doing the right thing.*

No purpose benefits from "doing more of the same" if doing so neglects relevance within the target market. No purpose benefits from excelling at a strategy or function that buries a company's creativity and efficacy, even if just a little more every day. Insisting upon calculated productivity goals makes no sense if a company's prevailing structures and business models suit a bygone moment or a recognized and met opportunity subsequently (inevitably) transformed by movements within the target market.

To make matters worse, business executives train as managers rather than as leaders, which I experienced firsthand as an MBA candidate. Further, with a bachelor's degree in business and an MBA, I have for several years taught strategy and marketing at the graduate level. Over more than thirty years of working with and training entrepreneurs and corporate executives, I have witnessed first-hand the academic and business *zeitgeist* that makes our leaders and managers into experts of the *how* without significant reference or account of the *what*. We learn techniques for becoming better managers of resources, and of various types of sophisticated housekeeping, without learning to question business organization itself and its continued relevance as the competitive scenario (economic, environmental, social) changes.

A typical manager favors administration and efficiency of the status quo over innovation and detection of opportunity. For example, a good hotel manager focuses, among other things, on housekeeping protocols ensuring that guests receive, and return to, clean and tidy rooms, beds made, chocolates placed on pillows. While, without question, such maintenance and optimization of resources creates value, this as a primary focus turns the management mentality inward, toward mere maintenance of systems and structures, and too often disconnects management from more crucial reasons for customer loyalty as expressed in preference over competitors.

At least four components comprise this "efficientist" management mentality:

- Economies of Scale. Perhaps the Holy Grail in the age of industrialization, this paradigm establishes that the more a company pursues established protocols ("does the same thing") and the greater the degree of specialization, the greater its savings in production and its profits in distribution. Henry Ford, a genius of the Industrial Age, serves as the classic example of a master of profitable mass production ("buy [or make] cheap, sell dear"). Ford never manufactured a car that was not black — customers could choose any color of car, so long as that color was black. Making one product, one way (that is, at relatively fixed cost in a fixed formula), definitively paves the road to productivity.

- Indicators and Metrics. Efficiency measures abound, typically expressed in terms of waste, clearances, reduced inputs, costs, and expenses. Innovation proves financially erratic in its beginnings (a consequence of trial-and-error development), and thus, again, a purely financial criterion renders few chances to thrive. Innovation by its very nature thrives on inefficiency — that is, relatively extravagant explorative development — especially at its inception. Of course, efficiency of such development preserves a company's resources, and thus industrial engineers aim for the "mono- or uni-metric": savings through conservation of resources and production effort. Thus, from a cost-versus-profit perspective, economies of scale (efficient production of mass quantities) make enormous economic sense.

- Evaluation and Compensation Systems. Economies of scale and pursuit of short-term metrics comprise the core DNA of business management. Consequently, they inform the engineering and measuring of executive compensation.

- Budgetary Incrementalism. The annual corporate ritual of generating budgets reinforces this "more of the same" habit. Rather than goads to strategic change, budgets become primarily tools of control, construed as increasing and decreasing the factors of growth or decline. If the numbers add up, the budget wins approval and implementation. This format undermines efforts to reimagine or redirect course that increase brand equity, improve customer satisfaction, and increase innovation.

Efficiency in the modern business sense implies repetition, little or no deviation from an established productive path. The common management mentality demands that profitable activity be sustained until controlled comprehensively, thence squeezed, wrung of any impediment, to reduce expense and thereby maximize return on investment. Redundancy and automation, this mentality asserts, pave the way to maximal productivity. While efficient management, housekeeping, economy of scale, and budget control assure a company's ability to operate, they calcify into the "most noble" impetus that breaks a company, misaligns it from target market, and eventually desynchronizes with its environment. Habits become conventions until little or no thought reinforces or readjusts them, the reasons behind them often both unquestioned and antiquated. A polarizing criterion of maximal efficiency generates a company culture of commercial (and social) myopia and insensitivity. Jung described this monotony in terms of the psyche:

> The mechanism of convention keeps people unconscious, for in that state they can follow their accustomed tracks like blind brutes, without the need for conscious decision. (Storr 305)

B. *The Problem with Business Theory*

Consider a company that, in its eagerness to compete with economies of scale, invests intensely and successfully in machinery, processes and technology, but loses its flexibility and responsiveness to the market. Perhaps China best represents the idea of

economies of scale: become the world's great manufacturer, China's surplus of labor and commitment to restructuring its economic system allowed double-digit average growth from 2003 to 2010. The world's most populous country, China also leads the world in low production costs. Even such a traditional wage-suppressed country as Mexico, for example, legislated compensatory import taxes against China in 1990 on products such as textiles, shoes, and toys. No one beats China on prices.

Similarly, no one beats Italy on design and flexibility. As specialists, the Italians avoid competing with economies of scale, a field in which their structural weaknesses show: compared with German, Japanese, and American industry, Italian companies suffer severe disadvantages in technology, capital, and market. Yet precisely within such "weakness," Italy finds its strength: design and flexibility, variety and adaptability. Instead of seeking the best mass-market prices, Italy concentrates on producing unique and specialized goods, thus emphasizing not volume but quality and differentiation to assure premium prices.

At this point, perhaps the most obvious strategy suggests investment in companies or countries enjoying both advantages: flexibility and design combined with standardized production and low pricing. Yet this route proves difficult and expensive: every positive feature at a strategic level carries seeds of disadvantage, just as every apparent disadvantage offers certain positive elements. Successful business strategy involves the capacity to stop cultivating and pursing some actions or goals to cultivate and pursue others. Strategic decisions involve recognizing that a business operation cannot do or be everything at once — "entire of itself," as the poet John Dunne said — nor can one business serve as exclusive provider to the whole world. Every business must "make a

stand," find and choose its niche: which market will it enter; which strengths will it nurture; what implications will it ask and answer in designing for logistics of operational and organizational actions and interactions; who will it define as competitors, allies, rivals? And at the same time, above all: where will we compete, and in which markets?

An Olympic athlete must forego late night partying, alcohol, cigarettes. To be an Olympian, an athlete must forget being "the life of the party" that waits till midnight to reach its peak. Similarly, an introvert recognizes that, apart from not "shining" at social events, he tends to a more discreet, observant, analytical, studious life.

Strategic decisions define, limit, and specialize a company toward honing competitiveness in its area of focus and environment of operation — and, by definition, such decision create weaknesses for the company in other areas and environments. Resources remain limited, through demand if not also through supply. For instance, both Ford Motor Company and General Motors endured period of domination by inner groups focused on finance, and both organizations made few movements without reference to those groups, which instituted and relied upon sophisticated control systems. Yet the cost of that control, the weaknesses resultant from the apparent strength of financial control, drove these American car companies to lose insight into, and even contact with, their markets, particularly their domestic market. In effect, they sacrificed futures fostered through innovation and market responsiveness to meet the quarterly *enfoque* à la Wall Street. By contrast, Japanese automakers, led by Toyota and Honda, stole some 25 percent of the United States car market from Ford and GM.

In the opposite direction, we find cases of entrepreneurs with good and even great ideas, highly focused on a target market, but with poor administrative skills. Of course,

focusing on the market matters little without financial control. Apple's Steve Jobs was dismissed from the company, which he founded, in favor of the "more professional" administrator John Sculley — even though Sculley made his reputation in the beverage industry, prompting Jobs to dismiss Sculley as "sugar water." (Then again, as in most situations we have "the exception that proves the rule" in Microsoft founder Bill Gates, who for decades appeared beyond misstep or failure.)

But in choosing one path, must we renounce another? Warren Bennis, the grizzled guru of leadership studies, illustrates differences between effective (if eccentric) leaders and ineffective (if stalwart) managers, implying that one almost necessarily excludes the other: a manager administers, a leader innovates; a manager serves as a facsimile, a leader shines as an original; a manager maintains, a leader develops; a manager controls, a leader inspires trust; a manager focuses on operations and revenues of today, a leader looks to the horizon of innovative products, technologies, and markets of tomorrow. That is, a manager "does things right" while a leader "does the right things".

In any field, success involves deciding the strategic direction that defines a company's character and structure — what it will and will not be — and recognizing that its direction both assures competitiveness while, potentially, its instills weakness in other areas. While some claim that "the world belongs to the brave" (as did President Ronald Reagan after the Challenger space shuttle disaster), we might add that true bravery, and thus the world, belongs to those who define themselves.

Icarus, equipped with wings held together with wax, flew through the winds and left behind the island that had been his prison. Flying. In wonder, he aimed higher. Excited with his new power, he enjoyed turns and tricks in the open air. Until his frail wings

collapsed, and he fell from the sky to his death. His father Daedalus warned him, told him to beware flying upward near the sun, which would melt the wings' wax. But Icarus flew inflated, carried away in his joy and excitement with power.

As mythological metaphor, the story of Icarus speaks of many things, including the ideas of freedom and expertise, and the idea that progress, the creation or appropriation of a new technology or condition, involves calculation and acumen, risk and, often, sacrifice. Its themes speak of the necessity of examining options and assessing risk and benefits, trade-offs between distinct courses of action.

Average, mediocre (not to say ugly) companies invest in average terms: if something works, they do it more; if something doesn't work, they do it less. As is characteristic of such businesses, they make no substantial commitment of resources toward implementation of great — or grand — strategies, those choices and directions with potential to overcome competitive inertia, to achieve strong market differentiation, and thus to reap extraordinary profits. Average, mediocre companies best remain *quietecitas*: still like a little girl.

For the road to becoming the next Apple or Toyota or Cemex requires boldness, and thousands of companies drive themselves to the cemetery. Pursuing a strong strategy requires strong commitment and investment — that is, risk. Because commitments made, innovations brought to market, variations set in motion from standard structures and procedures, face resistance and competition, alterations in consumer tastes, advances in technology that may render investment ineffective, insufficient, inoperable.

Serious success in the marketplace derives from precisely the same sources as failure in the marketplace. Consider Motorola's backing of Iridium with a strategy to position

itself as the first worldwide wireless phone service. Despite investment of five billion dollars, Motorola ran afoul of unfavorable market reaction, partly precipitated by failures in design (poor device ergonomics) and in pricing (the service's $5 cost-per-minute was perceived as prohibitively high, as was its $3,000 handset). According to Douglas McIntyre of *Time*, Iridium required a sophisticated technology infrastructure centered on 66 satellites, and failed to account for the burgeoning cellular phone industry.

Yet Motorola's Iridium project might have achieved the resounding success of Apple's iPod venture. Both involved bold initiatives of management: strategic innovation and market approach, brand and product differentiation, massive capital investment and commitment of resources. But the results differed dramatically. Apple's success with the iPod inspires thousands of explanations. Technology and investment consultants, as well as business school professors, cite it a model, while entrepreneurs and corporate strategists extrapolate from it clear procedures, as if it provides a repeatable recipe.

In synthesis, the cases of Iridium and iPod suggest that assumption of a particular position and direction implicitly produces its opposite condition. For example, Iridium opted for operation scale, enormous capital investment, robust technological complexity, yet sacrificed operational practicality, product variability, innovative flexibility, and market resilience. By contrast, iPod dominated a niche of music playback unseen since the Sony Walkman a generation before, yet manifested vulnerabilities on other fronts, including competition from less fashionable manufacturers undercutting price and thereby winning a larger market share; innovation from more flexible designers offering greater portability and easier operability, variable sizes and functions, larger network of content providers. In its advent, the iPod overwhelmed its evident weaknesses through

the sheer brilliance of its innovation: serving as a single, central, elegant interface platform for operations previously requiring numerous devices.

This synthesis of case studies illustrates a "Theory of Opposites" visible on another scale: The United States' invasion of Iraq. With its vector of massive military forces configured with distinctive equipment and chains of command supported by a billionaire infrastructure, the United States war effort affronts with awkwardness a mobile, flexible, nearly invisible guerrilla counterforce. Though the United States may prove invincible in conventional or intercontinental warfare, it cannot but lose to guerrillas seeking self-determination at all costs, often over generations. That is, just as the American military could not prevail against Vietnam, it cannot stand against Iraq.

To illustrate this theory most simply: if a store specializes in goods for men, it neglects the market of goods for women; if it specializes in goods for children, it sacrifices the market of goods for adults; if a stores specializes in nothing and positions itself as a "general" store, it subverts its own competitiveness — as we see happening in the current economic environment to department stores. Further, if a store refuses a strategic position in an unwillingness to incur implicit weaknesses of a given vector, it risks positioning by default: its place and even identity in the market determined by more aggressive companies, those who define themselves.

Con todo y todo, generalist Microsoft battled for years with specialist Google, which now, perhaps paradoxically, aspires to a generalist "cross-platform" position similar to the ambition that crippled Microsoft. This dynamic tango between flexible innovation and rigid consolidation encompasses the propensity of new companies to define themselves narrowly and penetrate the market with laser-like specificity, and the

characteristic tactic of established companies to expand and diversify to garner greater market share while avoiding hyper-specialization in niches that erode over time through competitive onslaught and changes in consumer habits and preferences.

As shown in this chapter's third section — *Mythology and Business* — businesses like Motorola may well heed the cautionary tale of hubristic Icarus. And they may best consider the tale of Sisyphus in avoiding a fall into heartless, profitless routine. Yet they may just as well embrace the tale of Prometheus, whose spirit of risk, even of rebellion, brings light and ignition to their endeavors, and the story of Odysseus, whose improvisational cunning brought him through 20 years of disasters to renew his kingdom.

1. A Case Study of Strategy: Harold Nizamian

Marketing brought Harold Nizamian to the surface — *lo traía a flor de piel*: to the top of his business. An interesting character of Armenian descent, Nizamian cut an outgoing, athletic figure, spoke four languages, married a Chinese woman 25 years his junior. Nizamian emanated marketing and promotion, and he led R. Dakin & Co., a manufacturer of plush toys, from sales of $200,000 to more than $100 million. But after decades of top performance, he was fired and his shares were frozen (Newman).

Near the end of the 1980s, as Mexico joined GATT (the international General Agreement of Tariffs and Trade), I decided to launch an importing business. As part of my preparatory research, I filed paperwork, traveled, and met with several executives — including, three weeks into the process, Harry, the president of the company, ready to share his point of view. We visited stores, talked business, assessed the competition, yet the most important interaction focused on a tennis match. I pulled out my old wooden racket and played one of the best games of my life — against Harry, a 64-year-old with a

pacemaker, who fought point after point like a lion. We ran. We sweated. We shouted. And, having battled to a diplomatic tie, we sealed our friendship and my position as Mexican distributor for Dakin: I became one of Harry's international offices, Number 7, after Canada, the United States, Europe (as managed from Belgium), Australia, Hawaii, and Hong Kong.

Dakin aggregated purchases monthly from all locations to amplify volume and depress prices. Harry took control of the business after founder Richard Dakin, as well as his son Roger, died in a plane crash. Among Harry's first moves: building a network of design-input-output-sales with Korea as his largest supplier. The business grew rapidly, and the descendants of the founder — now millionaires — adored Harry. In celebration of their success, they built an impressive and modern company building.

Hiring a new generation of executives, Harry selected graduates from Wharton, Harvard, and Yale. Once a week, they flocked the company dining room with donuts and coffee for convivial planning, eating, joking. Like a family, and I was part of it. Yet this success teetered toward its doom.

Events in Mexico took a strange turn. Within a couple of weeks, the company dismissed 80 percent of our vice presidents. I booked a flight to Dakin headquarters to understand. A crestfallen Harry received me: he had been given 30 days to depart.

"Nobody was watching the bottom line," he told me. Harry the marketing master, the deal-making genius, the public relations magician, had entrusted the company's operational and financial functions to his *wunderkind* executives. After 30 years of work, he handed company activities to his well-trained hires while he concentrated on his favorite part: growing the business through new products and markets. He trusted his

people, too much, his attention elsewhere as excesses associated with success — complacency, stagnation, hubris — gnawed at the company from within.

As the firm declined, investments in expansion and innovation slowed. Sales fell. And on the heels of this diminishment came panic. After months of political drama, metrical grids, tactical intrigues, the company board called a meeting to inform Harry of the company's sale to another that specialized in revitalizing troubled brands, and that he must resign.

Harry packed his diplomas, figurines, photographs, the baseball that he always held while talking on the phone, and left.

The new staff arrived, their leader, a financier named Mark, the exact opposite of Harry. Mark performed as expected: layoffs, reduction of costs and expenses, more control. The brand new company building, Mark offered for rent or sale. And he called the company's international partners to tell us that nothing was wrong. Yet the everyday business fights looked insignificant compared to the situation: *La moral por los suelos* (morale hit rock bottom).

Then began one of the classic management maneuvers of troubled businesses, countries, individuals: swinging from one extreme to another. Dakin started a swing to the other side of its former organizational and market success. Guiding criteria moved from innovation, the market, demand, to standardization, the product, supply: the company's central question shifted from whether its products might achieve a loyal following, and market share, to whittling expenses (cost of production and operation). The company's central focuse shifted from how many of its products could be sold to how much money the company could save.

Sales plummeted. The upward spiral of success, long slowed, came to a halt. And the new owners ran. Misunderstanding the core business, they offered the company for sale — its second such offering within a year. After three months, new owners arrived as majority shareholders. Another lurch now staggered the company with its new leader: Bob, a younger version of Harry, focused on product innovation and the market. Slowly, the business — now much smaller and squeezed financially and operationally — began recovering, its profits returning.

And as for me?

By this time, international production migrated to China as a bastion of low labor costs. The consequent boom in Chinese manufacturing begat an international flood of inexpensive goods, and impelled "dumping," a trade practice in which one manufacturing nation (in this instance China) exports products to another (in this case, most of the world) at prices below those within its own domestic market, and thereby endangers the financial viability of competitor industries within importing nations. Mexico compensated by increasing import taxes from 20 percent to 350 percent, the so-called December Error (in America often called "the Mexican pesos crisis" or "the tequila effect" (Wikipedia), which inflated interest rates five times and devalued the domestic currency. This disastrous overnight levy (perhaps unthinkable in more developed economies) decimated the Mexican manufacturing sector.

As for me? *Adiós, negocio.* (Goodbye, business.)

Harry's story sounds similar to many others, and several morals emerge: management strategies aimed toward the market generate growth, yet can limit control; management strategies aimed toward revenue performance and financials generate efficiency in

deployment of resources, yet can inhibit and discourage innovation; management strategies aimed toward production generate standardization and reduce costs, yet can impede or eliminate flexibility.

Consider business a kind of constant juggling between distinct, sometimes conflicting, strengths. To repeat the cycle of success, a company requires more than establishing market position and sales momentum then consolidating position and slowing production costs (and, along with it, product innovation). In such apparent homeostasis, a company often loses its competitive edge, driven by temptations to privilege control and subordinate commercial innovation to operations and finances. But, as our study of Harry's case shows, rivals can quickly displace a company's position in the market. And while the opposite strategy perhaps best serves, a company rmust emain mindful of its operational costs and finances lest it lose step with its own aggressive pace.

2. Jung's Theory of the Psyche

Our case study of Harry and Dakin illustrates several principles exposited by Jung in his model of the psyche as discussed in *Psychological Types* and *The Structure and Dynamics of the Psyche* and *The Symbolic Life* (respectively, Volumes 6, 8, and 18 of his Collected Works). Departing from Freud's emphasis on psychic drives and processes, Jung perceived the psyche as an organic self-regulating system (much like the human body) tasked with maintaining a balance between rival qualities while seeking its own development, or *individuation* in Jung's phrase. As such, the psyche in Jung's view maps into component parts that personify in behavior and function autonomously as secondary selves — albeit as a metaphor for understanding, rather than as a construct for defining, reality.

Jung's system comprises nine essential components crucial to our study, and evident within Harry's experience: the ego, the personal unconscious, complexes, the collective unconscious, the Self, the persona, the shadow, anima and animus, and individuation.

For Jung, the ego holds the center of psyche as both our conscious existential awareness and our continuous sense of personal identity. As organizer of an individual's thoughts and feelings, with access to active, unrepressed memories, the ego expresses as personality at the junction between inner and outer life. Jung identified two essential attitudes or types of ego based primarily in their relationship or orientation to experience: extroverts emphasizing engagement with the outer world, and introverts privileging exploration of their inner world. These types differ, Jung noted, in their conscious employment of four experiential functions he termed thinking, feeling, sensation, and intuition. Further, any individual evinces a superior, or more highly developed, function. The play of these ego types and functions within the business setting receive illustration in this study's fifth chapter, "Psychic Energy and the Challenge to Business Sensors."

Emerging in early development as an expression of an individual's essential Self, the ego performs as a kind of administrative executive, perceiving meaning and assessing value toward both survival and meaning. Think of consciousness, as Jung did, as an eye: capable of holding a finite amount of its environment in perceptual awareness, sight selects its focus. Consciousness acts with a similarly selective activity, demanding direction and thus relative exclusion of "irrelevant" stimuli and information.

Of course, selection or discrimination tends toward limited or even one-sided awareness. Jung held that excluded content remains within an unconscious element of the psyche, in effect forming a psychic counterweight to one's conscious orientation. Over

time, excluded, unconscious stimuli and information — particularly those consciously repressed or rejected as inappropriate or "other" — increase psychic tension, assert a balance in awareness, and often break into consciousness as dreams, feelings, thoughts, or actions.

We may recognize Jung's notion of the ego in Harry's decisive command of Dakin, building feedback networks quickly and opting for an unusual primary supplier in the emergent Korea.

Jung viewed the personal unconscious as resulting from interactions between the collective unconscious (the character of humanity as expressed, for instance, as culture) and an individual's lifelong development:

> Everything of which I know, but of which I am not at the moment thinking; everything of which I was once conscious but have now forgotten; everything perceived by my senses, but not noted by my conscious mind; everything which, involuntarily and without paying attention to it, I feel, think, remember, want, and do; all the future things that are taking shape in me and will sometime come to consciousness; all this is the content of the unconscious. (*CW* 8: 148, para. 382)

"Besides these," Jung also noted, moving past Freud's vision of the unconscious as mere reservoir of repressed thoughts and emotions, "we must include all more or less intentional repressions of painful thought and feelings. I call the sum of these contents the 'personal unconscious' " (*CW* 8: 133, para. 270). Thus, Jung viewed the unconscious — personal and collective — as susceptible to emergence into consciousness and active development.

In this, we may recognize Jung's notion of the personal unconscious as Harry's unwarranted, overcompensating delegation of duties to MBA hires, and his almost inexplicable neglect in monitoring them.

The personal unconscious holds distinct functional units called, according to Jung's model, complexes. Tracing many "internal distractions" during revealing word association experiments conducted as a clinician, Jung perceived groups of ideas ripe with affect or emotion, and thus coined his idea of "feeling-toned complexes" far beyond the single, delimited core sexual (or "Oedipus") complex designated by Freud. As he mapped them, Jung determined that complexes form not only from the collective unconscious and undigested personal experience but also from an individual's unconscious responses to experience. Thus, a given complex resides in the unconscious and impels independent or autonomous behaviors that an individual may consider inexplicable or beyond control, as when one says, "That wasn't me. I don't know what came over me." Such apparent autonomy expresses most dramatically in so-called "abnormal" states of mind, as during illnesses or emotional dislocation — episodes of breakdown in a psyche's capacity to regulate itself. While Jung lamented the individual ego's propensity to make ineffective or one-sided choices, he emphasized the psyche's capacity to draw complex dissociations and their archetypal forms into awareness toward balancing or "compensating" conscious life, and further developing it. Jung identified conflict, which he viewed as an inevitable and creative aspect of human life, as a primary mechanism for such emergence and compensation.

Among the complexes demonstrated in Harry's example are those excesses associated with success — complacency, stagnation, hubris — that burgeoned within the company as his oversight waned: "Nobody was watching the bottom line."

Jung's theory of the collective unconscious holds pride of place as one of the most distinctive features of his approach to psychology. Concluding that an individual's entire

personality appears *in potentia* from birth rather than forming mostly or solely as a function of environment, which amplifies or dampens inherent attributes and patterns, Jung posited that each individual carries an archetypal yet uniquely personal pattern or blueprint, both physical and mental: a repertoire of capacities — Jung's archetypes as they relate to the "innate releasing mechanisms" of ethology — emergent as skills, perceptions, attitudes adapting to the individual's proximal environment. Crucially, Jung wrote, these capacities reside as latencies, not as manifest traits, within individuals:

> …the term archetype is not meant to denote an inherited idea, but rather an inherited mode of functioning, corresponding to the inborn way in which the chick emerges from the egg, the bird builds its nest, a certain kind of wasp stings the motor ganglion of the caterpillar, and eels find their way to the Bermudas. In other words, it is a "pattern of behavior." This aspect of the archetype, the purely biological one, is the proper concern of scientific psychology. (*CW* 18: 518, para. 1228)

Archetypal forms express patterns within the psyche — images or objects, figures or relations, and actions or behaviors — that inform our perception and understanding of experience, and our approaches to it. Among these we readily identify such archetypal images as Sun, Moon, Earth, Water; such archetypal figures as Mother, Father, Child, God; such archetypal actions as Love, Hate, Birth, Death. In themselves deeply unconscious and ineffable, archetypes find expression and perception only through such patterns, including those codified as mythological stories like that of Icarus.

The collective unconscious in Harry's case expressed vividly as the fortune of the company declined, with months of panic manifest as political drama and tactical intrigue, and compensatory reliance on purportedly omniscient metrical grids — tools latent in all modern business theory yet in this case overtaking Dakin's proven strategy of market innovation and expansion.

For Jung, the Self comprises the psyche *in toto*, with all its elements and potentials. The personality's unseen organizing genius, an individual's Self optimizes, as best possible, each developmental stage of life. Looking forward and seeking its own revelation and fulfillment through manifest expression, the Self strives for wholeness — our latent capacities in both completeness and integration of expression — a process Jung called individuation, the pursuit of an organism's fullest potential. Infinitely broader and deeper than the ego arising from it, the Self exists from the beginning of individual life and, having access to the entire repository of human cultural and imaginal realms, projects itself readily into external forms — God, state, icons, relations — toward revealing itself.

In our case study, the corporate embodiment of Harry's business, R. Dakin & Co., best represents Jung's notion of the Self.

The most adaptive expression of the psyche, the persona comes into existence in response to environmental and internal impulses such as parental, social, and peer expectations. Jung derived the term from masks worn by actors in Ancient Greece to denote public or *displayed* parts of one's character. Considered as the "packaging" or "public relations face" of the ego, persona serves a central role in any individual's everyday social experience. Yet while one depends for worldly success on a persona that effectively and flexibly adapts to diverse and changing circumstances, one risks identification with persona as façade, as a concretized mask limiting expressivity and receptivity, and thus relegation of enriching and individuating aspects to that unconscious darkness Jung termed the shadow.

As we have seen, Jung defined the shadow as that part of the subconscious that accumulates “everything” dismissed or repressed by the psyche, all the ego denies, deflects, disdains: aggressive instincts, carefree sex, unguarded jealousy, as a few examples. Thus, within shadow resides any part of the persona that an individual neglects or refuses develop or explore. Further, we each acquire complexes, which Jung described as those that entwined repressions and rigidities that “interfere with the intentions of the will and disturb the conscious performance”:

> they produce disturbances of memory and blockages in the flow of associations; they appear and disappear according to their own laws; they can temporarily obsess consciousness, or influence speech and action in an unconscious way. In a word, complexes behave like independent beings. (Sharp 38)

For instance, think of the leader or manager incapable of dropping that authoritative role in more personal contexts. Or, in Harry’s case, the president who maintains that face — extroverted marketing master, deal-making genius, public relations magician — while delegating functions to others and neglecting important parts of his role. Or consider economist Dominique Strauss-Kahn, the French Finance Minister (1997-1999) lauded for his work within the highest levels of global finance. Named managing director of the International Monetary Fund (IMF) in late 2007, Strauss-Kahn exerted great political influence in Europe through his key role in coordinating financial fixes for Greece, Ireland, and Portugal. Further, he inspired incessant speculation as to his ambition for the French Presidency. Until allegations of attempted rape, sexual assault, and “unlawful deprivation of liberty” surfaced in May 2011 when an hotel maid of African origin claimed that Strauss forced her to perform oral sex and, she insisted, would have raped her had she not escaped (Reddy).

A political trap? In any case, not the first such scandal involving the financier, as reported intermittently by Libération since 2007: "The only real problem with Strauss-Kahn is his relationship with women. Too pressing. Often borders on harassment." (Inquirer.net) Similarly, Strauss-Kahn biographer Philippe Martinat told the Associated Press on French television: "It is his Achilles heel. His relatives know not to leave him alone in a hotel. There is a rumor that says you should never leave him alone in a hotel room, and there he was, alone" (Martinat).

Wherever light shines, a shadow casts. All the possible elements of character that one rejects or represses fall into the shadow, a complex of the personal unconscious with roots in the collective unconscious. The unconscious aspect of psyche most readily accessible to the conscious mind, the shadow possesses qualities in contrast or even in opposition to the persona, thus directly mirroring and compensating our conscious awareness. When that compensatory relationship falters or shatters, it leaves an individual "out of depth," a persona working experience from a shallowness often characterized by excessive concern for external validation and direction.

Our most direct experience of shadow manifests as fascination with and even projection of denied or suppressed parts of ourselves as an alien "other" — think of Robert Louis Stevenson's *Dr. Jekyll and Mr. Hyde* and Oscar Wilde's *The Picture of Dorian Gray*. Understood as such, the shadow represents those traits we defy in ourselves — and which thus revealingly manifest in our disdain of such traits in others. To "reclaim" one's shadow, or to retrieve projection, often proves difficult and painful, yet permits relationship and even integration with our accepted persona, thereby offering

release from unconscious behaviors and limits on choice, and in turn fostering increase of psychic resources and avenues for action.

In our case study, Harry's neglect of oversight generated a fatal shadow of diminished company fortunes. Yet his subsequent firing cast an even more dramatic, almost literal shadow with the arrival of a new leader, a financier seemingly "the exact opposite" of Harry.

The next two complexes in the personal unconscious are perhaps the most difficult to understand and the most contentious. Among Jung's most subtle concepts, the contrasexual archetype of *anima* (for men) and *animus* (for women) represents a psyche's deeply unconscious compensation for its one-sided and delimiting identification with the archetypal "masculine" or "feminine" character of its embodied gender. Formed by an individual's sense of self and by life encounters with members of the "opposite" gender (beginning with parental and sibling relations), these archetypes first manifest in projected form — as with the shadow. Yet this holds such numinous potency that it projects readily, as in instances of "love at first sight" in which an "other" spurs attraction and fascination. Jung acknowledged, crucially, that such gender-identified traits as "masculine" aggression and autonomy and "feminine" nurturance and empathy belong to all humans in proportion to their allowance and acceptance within an individual's psyche. Indeed, Jung's notion of individuation suggests that each quality, and their resonance in an "opposite other," be integrated within psyche for an individual to manifest wholeness.

We may see these forces working in several ways through Harry's example, perhaps most dramatically in his "shadow" replacement by a financier embodying his "exact opposite." Yet Harry also projected discounted elements of himself onto his MBA hires,

as evidenced by his injudicious reliance on them to further his externally-oriented work while he opted to favor his internally-oriented interest in product development and innovation.

Jung considered the search for wholeness within the human psyche as a kind of circumnavigation of the Self, an individual's center and ground, and he named that process *individuation*. A lifelong project of cultivating consciousness of oneself as an exceptionally unique (if not an exceptionally privileged) human being, individuation entails the integration within psyche of internal and external oppositions and contradictions. Acknowledging conflict as inherent in human character, Jung recognized it as necessary to and beneficial for human growth and, indeed, for resolution of conflict — that is, as catalytic to individuation. For when a psyche bears and resolves tensions between apparent opposites, it realizes the creative integration that spurs a wholeness of being. Jung considered that integration — an image synthesizing rivals — as a symbol accepting and even honoring both "sides" of a conflict and inspiring new life directions. A product not of rational thought but of the unconscious, this symbol defies explanation in its embrace of conscious and unconscious resonances.

Of course, Harry's progress through his rise-and-fall leadership of Dakin presents us a vibrant tale of individuation, given Harry's integration of lessons presented through manifestation of shadow, indulgence of complex, and the symbol of a desiccated and revived Dakin.

C. *Mythology and Business*

Asking "What is the case for myth?" Louise Cowan in her introduction to *The Epic Cosmos* describes with utmost eloquence the potency and necessity of metaphor, myth,

archetype, and thus their applicability to our study. An ample excerpt allows us to appreciate her connections and nuances:

> As a container for the diverse aspects of existence, a pattern or design based not on fact but on value, epic [*myth* — or, we may elaborate, *imaginal metaphor*], has the virtue…of enlisting participation in a communal order that transcends — yet includes and dignifies — the lives of individual human beings. Myth…enables us to place ourselves within a destiny larger than our own small and relatively insignificant circle of success or failure. It empowers us to face disappointment, defeat, and death without self-pity or bitterness. Paradoxically, however…*rather than imposing a rigid uniformity on society* and thus stifling individual passion and creativity, such a vision of order — in which people agree about the meaning of life — *supports and enhances diversity and endows ordinary acts with purpose and grace*. (4, emphases added)

The products of socio-political values, intentions, and imperatives as much as the expression of metaphysical or spiritual belief and insight, our imaginal processes and the images they conjure serve also, therefore, as expressions of a given culture's (or individual's or company's) demons, shadows, and complexes. Any company's dominant images and stories express not only ideals and aspirations, that which is embraced and propounded, but also nadirs and repressions, that which is outlawed and denied. Further, the images propounded by a company (or its management team), in proportion to their concreteness and specificity, both institute shadow material compensatory to their defined forms (begging, as noted throughout this study, unconscious movements of material excluded from its specific form), and constitute those components of existence valued and disdained, exalted and feared, fostered and forgotten (expressing, that is, conscious judgments vested in its concrete form or hidden in its shadow).

As Jung notes in *Freud and Psychoanalysis*, "The psyche does not merely *react*, it gives its own specific answer to influences at work upon it" (*CW* 4:665). Our cultural — or corporate — narratives, collective or personal, comprise such a response to influences,

of which the greatest is phenomenal existence itself. Building on this insight, Mogenson reminds us in *A Most Accursed Religion* that grasping "the spiritual significance of a symptom for our lives" requires us to approach it from this perspective, as "not merely a reaction to…outer influences" but as "a *reply* or *answer* to those influences, an answer, moreover, arising from our own specific nature as this is rooted in the otherness of the objective psyche" (185). In this regard, then, we may view our cultural heroes (their images and stories) as expressions, symptoms, of our cultural order, and of our relationship to our particular experience and existential dilemma — that is, to our perception of the world and of ourselves within it. As such, mythology becomes more than a salve to that dilemma but a means of understanding and expressing our very conception of that dilemma, and thus a basis for reframing our answers to it. Or, as Mogenson, puts it:

> Addressing us as if it were a God, the symptom demands submission, obedience, and sacrifice to a side of our nature, which must now be dialectically deployed to counter external impingements or to redress internal exclusivities (*i.e.*, our one-sidedness attitudes). (*ibid.*)

Our more modest task here entails addressing the fixed assumptions and shadow results of business through the images of gods, or at least a few heroes of the gods. Their individual applicability to the general business world will makes itself plain, with some interpretive help, as we engage each in turn.

As discussed further in this study's fourth chapter, balance entails an acumen and an art of engaging a particular energy (or, here, we may say image or story) in its ripe moment, and to effective extent or magnitude, with apt timing. Speaking metaphorically, in correlation with the representative myth discussed here, we might note that management as a science evokes the precision of inventive Daedalus (mindful of the

cautionary tale of his son Icarus), while business management as an art recalls the vision of innovative Prometheus (mindful of the cost of his gift of fire). Further, we note that business management as a matter of timing and proportion conjures the perseverance and diligence of both Sisyphus (whose fated task faltered every time regardless of his enormous effort) and Odysseus (whose cunning in recognizing appropriate tools for appropriate moments, each engaged with exquisite timing).

1. Prometheus

Management as an art recalls the figure of defiant Prometheus, whose spirit of risk, even of rebellion, brings light and ignition to business ventures. For the Titan Prometheus brought the forbidden boon of fire from the heavens to humanity, and still more. Indeed, more than friend and benefactor to humankind, Prometheus' innovative genius spawned humans as such.

According to Robert Graves, Prometheus (or "forethought") foresaw the rebellion of stripling god Zeus against his tyrannical father Cronus, and sagely fought for the former, even persuading his duller brothers Epimetheus ("afterthought") and Atlas (the strength that uplifts the world amidst the heavens) to follow suit. But the created world, newly won domain of Zeus' Olympian pantheon, remained unpopulated but for the Nereid water nymphs emerged from a union between the ocean and its rivers: "there were no mortal men until, with the consent of the goddess Athene, Prometheus, son of Iapetus, formed them in the likeness of gods. He used clay and water…and Athene breathed life into them" (I: 34). More than Athena's firm ally, Prometheus assisted at the goddess' birth from the head of Zeus: "He was, indeed," as Graves writes, citing Aeschylus, "the wisest of his race, and Athene…taught him architecture, astronomy, mathematics,

navigation, medicine, metallurgy, and other useful arts, which he passed on to mankind" (*ibid.,* 144).

Aeschylus in *Prometheus Bound* presents the Titan's own testament, his awareness that humanity "lived deep within dark caves, and swarmed the earth like throngs of ants":

> They could not recognize the signs of winter, nor spring with its flowers, nor fruit-laden summer, so they did everything without any rational plan, until I taught them to read the risings of stars and their settings, which up to now they ignored. I gave them numbers, that knowledge most to be prized, and the art of writing words to help memory, the mother of all the Muses. I first yoked beasts and made them work so they could relieve man's back of his heaviest burdens. I harnessed horses to the chariot and made them respond to reins, a delight for the wealthy. It was me who invented the ship with sails that wanders the sea, a chariot for sailors. (lines 453-468)

We recognize instantly in Prometheus a metaphor for the brilliance of genius that lights our way, that powers our ambitions and actions, that illuminates our innovative inventions and strategies. A brilliance, we must add, essentially transgressive against the status quo in the name of progress. For Prometheus witnessed the squalor of humanity, and sought to remedy it against the wishes of the gods, and especially of Zeus, who desired the power he derived from humanity's devotions yet feared ingenious humanity as a threat to his reign. In this scenario Zeus appears less the instigating father-god than the one-dimensional chief executive (as discussed throughout the remainder of this study) intent on sustaining his own rule even at the expense of his employees.

Indeed, Zeus in witnessing humanity's progress under their creator's tutelage, "had decided to extirpate the whole race of man, and spared them only at Prometheus' urgent plea, grew angry at their increasing power and talents" (Graves, *op. cit.,* 144). Yet Prometheus himself inspired Zeus' animus against humanity during debates over appropriate sacrifices to the Olympians. Invited to arbitrate as to which portions of a

sacrificial bull should be reserved for the gods, and which shared among the people, Prometheus tricked Zeus into taking the "least tempting part" of the flayed and jointed bull — which perhaps foreshadows our discussion of the conceit of company restructuring manifest as *corta grasa pero se le pasa la mano* ("cut the fat, but miss the hand") in this study's fifth and sixth chapters (respectively, sections "6. Psychic Energy Applied to the Business Model" and "2. A Proposal for Organizations Regarding Opposites").

Enraged, Zeus took revenge on Prometheus, Graves writes, by "withholding fire from mankind. 'Let them eat their flesh raw!' he cried" (*ibid.*). Graves continues with the most commonly familiar part of the doomed Titan's tale:

> Prometheus at once went to Athene, with a plea for a backstairs admittance to Olympus, and this she granted. On his arrival, he lighted a torch at the fiery chariot of the Sun and presently broke from it a fragment of glowing charcoal, which he thrust into the pithy hollow of a giant fennel-stalk. Then, extinguishing his torch, he stole away undiscovered, and gave fire to mankind. (144)

Launching any new enterprise requires such Promethean spirit: breaking prevalent (essentially sanctified) rules, defying the gods of tradition and current notions and formulae of success, risking savings and stability, entering into the unknown. At the very beginning of his venture, an entrepreneur breaks from the status quo, the predominant gods of established and complacent businesses. Confronting them with initiative and innovation, the "light-bringing" entrepreneur instigates a new dispensation, a new momentum of progress in the marketplace. And, of course, iconoclasm invites reaction, as when instigator Steve Jobs found himself dismissed from Apple, the company he founded with Promethean vigor yet watched founder in a void of administrative expertise (as discussed here in Chapter 3, Section C, Part 4: "One-Dimensionality"). Think of Jobs

in that ignominious moment as Prometheus reaping vengeance for his defiance of the ruling gods. As Graves details:

> Zeus swore revenge. … Zeus had Prometheus chained naked to a pillar in the Caucasian mountains, where a greedy vulture tore at his liver all day, year in, year out; and there was no end to the pain, because every night (during which Prometheus was exposed to cruel frost and cold) his liver grew whole again. (*ibid.*)

Aeschylus invents for us Prometheus' lament: "All this, to my own misery, I dared to invent and pass on to Man, but for all my cleverness I could devise no escape from my present suffering" (*op. cit.*). And yet the story finds its end not in an eternal consumptive punishment of Prometheus. For another hero rescues him, as Graves relates.

> Finally He[rakles] reached the Caucasus Mountains, where Prometheus had been fettered for thirty years — or one thousand, or thirty thousand years — while every day a griffin-vulture, born of Typhon and Echidne, tore at his liver. Zeus had long repented of his punishment, because Prometheus had since sent him a kindly warning not to marry Thetis, lest he might beget one greater than himself; and now, when Heracles pleaded for Prometheus' pardon, granted this without demur. (148)

Think of Jobs — as his own rescuing hero! — returning to Apple, now a magnificent (not to say monolithic) success foundering in a cage of administrative inflexibility (as discussed here in Chapter 3, Section B, Part 2: "The Apple Explanation" and throughout Chapter 4, especially under Section A, Part 4: "Understanding Momentum").

The myth of Prometheus, then, affords vibrant illustration of principles discussed in the ensuing chapters of this study, most particularly as an image of the entrepreneurial spirit that defies convention and fixed strategies and procedures to bring a boon – indeed, a life-giving necessity — to the market, to humanity. And yet such genius pays a price — as we saw in the instance of Harry Nazamian and as we will see again throughout this study — not only for defying the status quo but, crucially, for too often neglecting the

administrative (or “rulership”) imperatives so crucial to consolidating the gains afforded by revelatory and revolutionary innovative insight (as discussed most especially in this study’s Chapter 5, Section D, Part 2: “*Enantiodromia* in the Business World”).

A final note before we move forward from this discussion of Prometheus. While the Titan’s familiar central story best serves our purposes here, its many details — from the Titan’s role in the infamous story of Pandora, to his presence signified in the ubiquitous wedding ring — add depth of nuance and meaning to the insight of any leader or manager. And perhaps this most telling detail, as revealed by the ever-searching Graves: Phoroneus, who would rise to rule the entire Peloponnese, and who initiated the worship of Hera (goddess of contracts, including that of matrimony), “was…the first to discover the use of fire, after Prometheus had stolen it,” yet also, and most significantly for our purposes here, was “[t]he first man to found and people a market-town” (193). The name of that town? Phoronicum, of course. Though that later changed to Argos, the launching point for one of the greatest heroic (or, let us say, *entrepreneurial*) quests of all time, that of Jason and his Argonauts for the Golden Fleece.

2. Daedalus and Icarus

Management as a science evokes the precision of inventive Daedalus, when allied to a mindfulness of the cautionary tale of his son Icarus. Invoking the eighth chapter of Ovid’s *Metamorphoses* (lines 183-235), Graves describes Daedalus (“bright” or “cunningly wrought”) as among the most famous of Ancient Greece’s architects and inventors, “having been instructed in his art by Athene herself” (315). Fleeing Athens for the alleged murder of his nephew Perdix, Daedalus foreshadows our discussion of hubris

(especially in Chapter 3, Section B, Part 4: “Hubris and the Sins of Success”), for his own pride impelled the crime, according to Graves (quoting Ovid):

> …his sister Polycaste’s son…soon outstripped him for clever designs, “picking up a jawbone of a serpent…and, finding that he could use it to cut a stick in half, copied it in iron and thereby invented the saw.” ... Daedalus became convinced Talos [that is, Perdix] was incestuous with Polycaste, and so threw him from the roof of Athene’s temple on the Acropolis. (311-312)

In this episode, we see an illustration of the very self-protective (often outright jealous) one-dimensionality that robs any company of rejuvenative iconoclastic thinking (see herein, for instance, Chapter 3, Section C: “The Six Cardinal Sins of Successful Businesses”). And that often exiles a leader or manager to failure — as Daedalus found while taking refuge with his apprentice son Icarus in Crete, the kingdom of Minos.

Of course, the architect’s legendary genius won him welcome at the magnificent palace of Knosos. For Queen Pasiphaë had need of a cunning beyond the talents (and trust) of any Cretan craftsman: the construction of a bovine effigy by which she might satisfy her longing for the beautiful white bull bestowed upon the kingdom by Poseidon for a blesséd sacrifice, yet retained in avaricious by Minos. And so King Minos had need of that cunning for a task consequent from the first: the construction of a labyrinth to hide away Pasiphaë’s psychotic half-man, half-bull love child, the Minotaur (312-314). And, as often happens with architects of secret spaces for dark secrets, Daedalus soon aroused Minos’ suspicion and ire, and thus won imprisonment in his own maze. This incarceration-amidst-exile led the cunning inventor to devise means by which he and Icarus might escape their island refuge.

In these background elements of Daedalus’ story, we see many expressions of those nemeses of success detailed through this study’s ensuing three chapters:

- the legendary genius welcomed to new (perhaps formerly rival) organizations — think of Robert Nardelli, the CEO of GE Power Systems who migrated to Home Depot, doubled its after-tax net income by merciless cost-cutting, earned dismissal after only seven years, and acquired as reputation as one of CNN's "Worst American CEOs of All Time" — as detailed in this study's Chapter 6, Section B: "The Myth of the Omnipotent Leader."

- the need of a cunning beyond an organization's extant internal personnel — reminding us, among other illustrations ahead, of Harry Nizamian's resort to MBAs who presided over his company's demise.

- the impulse to protect or otherwise justify the status quo and its "established" strategies for success against criticism or revision — as discussed throughout this study's fourth and fifth chapters.

- the imperative to contain or silence both "architects of secret spaces for dark secrets," and vocal critics of the status quo — as discussed especially in this study's Chapter 5, Section F: "The Canalization of Libido" and Section G: "Scapegoats and Black Sheep."

Yet the central image of the story of Daedalus and Icarus best serves our purposes here. Graves sets the scene:

> It was not easy, however, to escape from Crete, since Minos kept all his ships under military guard, and now offered a large reward for his apprehension. But Daedalus made a pair of wings for himself, and another for Icarus, the quill feathers of which were threaded together, but the smaller ones held in place by wax. (312)

Having thus equipped himself and his son, the architect bade his apprentice beware, saying, "Neither soar too high, lest the sun melt the wax; nor swoop too low, lest the feathers be wetted by the sea. … Follow me closely…do not set your own course!" (312-313). The rest of the story remains vivid cautionary tale even millennia later in this Modern Age: "As they sped away from the island in a north-easterly direction, flapping their wings, the fishermen, shepherd, and ploughmen who gazed upwards mistook them for gods" (*ibid.*). And yet, as Graves reports, citing Ovid, hubris:

> Icarus disobeyed his father's instructions and began soaring toward the sun, rejoiced by the lift of his great sweeping wings. Presently, when Daedalus

> looked over his shoulder, he could no longer see Icarus; but scattered feathers floated on the waves below. The heat of the sun had melted the wax, and Icarus had fallen into the sea and drowned. Daedalus circled round till the corpse rose to the surface, and then carried it to the nearby island now called Icaria, where he buried it. A partridge sat perched on a holm-oak and watched him, chattering for delight — the soul of his sister Polycaste, at last avenged. (*ibid.*)

Rife with many elements, the tale of Icarus in its central and most-famous part emphasizes hubris, or overweening pride. Overconfident and enthused by the power of flying, Icarus ignored not only his father's technical instructions about the limitations of his wings but also the architect's warning that success often inspires hubristic inflation. Thus in Icarus we see an image of the inflated ego ignoring reason, or at least a sense of proportion; and in Daedalus we see an image of the prideful ego inviting comeuppance, or at least a lesson in humility.

In business, past success reinforces behavior and tends to fixate it. Repetition in decision-making begets compulsion and eventually *enantiodromia* (see, for instance, this study's Chapter 5, Section D, Part 2: "*Enantiodromia* in the Business World). Success functionally fixates the "same formula" aided by a natural propensity to censor information that contradicts the egoic idealizations of leaders and managers. Hence the story of Daedalus and Icarus plays throughout this study, both earlier in this chapter and, as mentioned, in Chapters 3 and 5, as well as Chapter 4, Section C, Part 1: "*La Danza Estratégica*: The Strategic Dance" and Chapter 5, Section E, Part 3: "Blocked Business Sensors."

3. Sisyphus

Management as a matter of timing and proportion conjures the perseverance and diligence of Sisyphus, whose fated task faltered every time regardless of his enormous

effort. The reasons for his punishment of an ever-faltering task speak to principles discussed throughout the third chapter of this study, and most especially in its Section C: “The Six Cardinal Sins of Successful Businesses.” For, as Graves relates, the story of Sisyphus carries instigating elements to his familiar eternal trial that speak to questions of hubris and pride, self-knowledge and self-aggrandizement, fixed perspective and one-dimensionality identified in the course of this study as primary contributors to ineffective management.

Graves begins the story of Sisyphus (*se-sophos or* “very wise”), husband to Atlas’ daughter Merope, with the theft of his “fine herd of cattle on the Isthmus of Corinth” by Autolycus, a protégé of divine master thief Hermes. Clever enough to discern and prove the crime, Sisyphus managed no control over his rageful need for revenge, nor his lust for Autolycus’ daughter Anticleia; indeed, the cowherd left witnesses arguing with the thief over his exposed crime, and “hurried around the house, entered by the portal, and while the argument was in progress outside seduced Autolycus’ daughter Anticleia, wife to Laertes the Argive” (II. 217). The result of that tryst (discussed in the following section)? Odysseus, most famous of the ancient Hellenes, who in the course of this study suggests an exemplary model of incisive and fleet-footed management.

Just as Sisyphus, in the curse of this study, suggests an execrable model of management as reactive and prideful, and as vengeful of hubristic ego. For, as Graves avers, Sisyphus’ “contemporaries knew him as the worst knave on earth, granting only that he promoted Corinthian commerce and navigations” (*ibid.*). Founder of Ephyra (later called Corinth), Sisyphus knew of Zeus’ abduction of Aegina, yet refused to help the search of her father, the river-god Asopus, unless the minor deity promised his kingdom a

perennial spring, which soon rose behind Aphrodite's temple — at which point "Sisyphus told him all he knew." When Zeus, "who had narrowly escaped Asopus' vengeance," required his brother Hades to punish Sisyphus everlastingly in the depths of Tartarus, the wily cowherd captured Hades by persuading him to demonstrate self-binding. And in Sisyphus' home the Lord of the Underworld might have remained captive had Ares, the God of War, not freed him to protect his own fatalistic ends. Yet Sisyphus seemingly outsmarted fate again by instructing Merope not to bury his remains, then pleading with Persephone, Queen of the Underworld, that no unburied person must walk on the far side of the River Styx; yet when she relented, he broke his promise to complete his worldly affairs and return, necessitating a final fatal visit from Hermes himself.

A perfect icon of guileful cunning, of self-serving deception and false dealing, in this alone Sisyphus serves as a cautionary tale of the blind side of management, of several cardinal sins of business (as discussed in this study's fourth chapter) and modes of ego blindness (as discussed in this study's fifth chapter). Yet the central image of the story of Sisyphus best serves our purposes here. Graves again describes the scene, invoking Homer's *Odyssey* and Virgil's *Aeneid*:

> It may have been because he had…betrayed Zeus' secret, or because he had always lived by robbery and often murdered unsuspecting travellers – …at any rate, Sisyphus was given an exemplary punishment. The Judges of the Dead showed him a huge block of stone — identical in size with that into which Zeus had turned himself from fleeing Asopus — and ordered him to roll it up the brow of a hill and topple it down the farther slope. He has never yet succeeded in doing so. As soon as he has almost reached the summit, he is forced back by the weight of the shameless stone, which bounces to the bottom once more; where he wearily retrieves it and must begin all over again, though sweat bathes his limbs, and a cloud of dust rises above his head. (II. 218)

Which is to recognize that Sisyphus labored not for achievement and affirmation of his existence but as punishment and penance for his existence. As discussed in this study's Chapter 3, Section A, Part 2: "Frederick Taylor's Scientific Management Theory," the image of Sisyphus endlessly striving only to start again — the logic of endless effort, presumably unto dissolution — yields further cogent nuance in the context of modern industrial manufacturing: the laborer caught in a singular task *for its own sake,* with little reference to the purposes or goals of that task, or even the sustenance derived from or neglected by that task. That is, Sisyphus provides us an enduring icon of our descent into heartless, profitless routine. In this scenario, all options revolve around productivity: doing the same with less, through speed or strength. Sisyphus has no alternative, as the punishment brooks no change in direction, activity, hill, boulder or anything. That's the story for thousands of businesses the world over: doing the same, cycle after cycle, year after year, where the greatest challenge is 1) sell more and/or 2) spend less.

4. Odysseus

Management as a matter of timing and proportion also suggests the perseverance and diligence of Odysseus, whose cunning repeatedly recognized appropriate tools for appropriate moments, each engaged with exquisite timing. The misbegotten son of wily Sisyphus and Anticleia, daughter of the famous thief Autolycus and wife to Laertes the Argive, Odysseus' manner of conception, Graves writes, "was enough to account for the cunning he habitually showed, and for his nickname 'Hypsipylon'" (II: 278).

Most famous of the ancient Hellenes, who in the course of this study suggests an exemplary model of incisive and fleet-footed management, Odysseus ranks as the

archetypal adventurer seeking home, famous from Homer's *Iliad* and *Odyssey* (dated from the eighth century B.C.E,) to James Joyce's *Ulysses* (first serialized beginning in March 1918), to hosts of roaring tales adopting the template of his 20-year trek from Ithaca to Trojan War and, by paths fated and perilous, home again. From Cyclops to Sirens, from island of lotus-eaters to clashing rocks and monstrous swirling waters, Odysseus boasts such protean fame that even Arabic literature remembers him, under the moniker Sinbad.

Indeed, the King of Ithaca stands so central a pillar of Western literature, and so familiar a figure through countless portrayals and evocations, that we need not here recount nor analyze his countless exploits. For innovative lateral thinker Odysseus himself, rather than his exploits *per se*, serves as indelible model of flexible thinking and incisive action, both in resolving the decades-long stalemate of the Trojan War, stymied after 10 years of standard battle practices, and in traversing (*surviving*) his decades-long journey home through innumerable obstacles, disappointments, and seductions.

As discussed in this study's Chapter 4, Section C: "Seizing Opportunities: Detect, Explore, Exploit" and Section D: "Crises that Confront Business Entrepreneurs," balance between opposing forces in business entails an acumen and an art of engaging a particular energy in its ripe moment, and to effective extent or magnitude, with apt timing. And mythology, legend, and history offer no greater example of such effective acumen than Odysseus improvising his way home through morphing contexts and challenges to his greatest success: his kingship in Ithaca.

"Odysseus is *sophron,*" Menedemos tells Protomakhos in H.N. Turteltaub's *Owls to Athens*:

> he gets the most out of the wits he has. He's not so great a warrior as Akhilleus, but he has more sense in one toe than Akhilleus does in his head. … Odysseus…is the man who can do everything well. He outwits Polyphemos the Cyclops, he can build a boat or a bed, he fights bravely wherever he has to, he can plow a field, and he's the one who, at Agamemnon's assembly, keeps the Akhaioi from giving up and sailing home. (160)

D. *Self Narrative and the Personal Myth*

Deng Wu Chang liked to call himself "Charlie Chang." While he shamelessly devoured some *escamoles*, he told me that at two years old he went with his mother to an astrologer to see the fate awaiting him, and the astrologer told him that, "The farther you travel, the greater will be your success."

Charlie embodied that fulfillment. A successful, affable, ambitious millionaire businessman, he travels constantly to tend his concerns in 18 countries.

"The astrologer was so right," he likes to say.

Fortune-telling aside, Charlie embodies the power of self-narrative. In the face of overwhelming existential doubt and a multiplicity of possible paths, the psyche — as Charlie demonstrates — may choose or write a script and dedicated itself to living it.

Individuals and organizations expend time and energy, consciously or unconsciously, unfolding scripts. Our narratives work out, consciously or unconsciously, such transcendent and transformative questions as explaining ourselves to ourselves (existential), outlining our path (strategic), defining our values (moral and ethical), and clarifying our goals (actions). Without a conscious narrative, we have no way to pursue coherent action, and no way to relate our actions to ourselves, our associates and environment, our path — anything that lends purpose and meaning to our existence. Without a narrative, a model or guide, we find only irrelevance and dissolution.

Narratives inform (and express) entities of all kinds.

The United States, for example, sets business at the center of its predominant national narrative. Entrepreneurs, chief executives, money managers, financiers are heroes, models, almost saints. Any underdog elevated to Top Dog, especially an entrepreneurial longshot "come from below," receives fame, celebrity, idolization ("came from below"). Acquisition, consumption, and speed dominate the American narrative, and its mottoes become truisms: *time is money; the business of America is business; nothing succeeds like success; greed is good.* Among the nation's most popular television programs, Shark Tank sets entrepreneurs to pitching ideas to investors (sharks) in bids to win influential connection and decisive financing.

Mexico, on the other hand, persists in narratives of subsidy and opportunism, and thus perpetuates a culture of victimhood and *mendicantes*, those always asking for charity. The Mexican protagonist asks for the sake of establishing someone to blame (politicians, the rich), and reaches out for help instead of reaching out for tools. No wonder the favorite programs are soap operas.

History tells us that settlers came to the U.S. to settle, while conquerors came to Mexico to conquer. The American collective psyche envisions a land of opportunity, the American dream. The Mexican collective psyche nurses longstanding pain, long past the time to stop acting as victims.

Consider the celebrated business narrative of diversification, and how it traps a company. In this scenario, a company sets out to acquire a range of businesses for "integration" (usually promising some lucrative "synergy") under its potent brand banner. Because such a company envisions itself as a "group" of size or a conglomerate, it insists

on setting its hands to many product lines and many fields of the market. At least until global competition puts it in a corner, forces management to choose a niche or file for bankruptcy. Given decades of evidence that diversification across various fields rarely works ("holding" companies function differently than conglomerates *per se*), this company persists in a fatal script, its logic intent on compensating down cycles in one area with presence in others trapping itself into justifying its dominant narrative.

Think of another company trapped by its one-dimensional narrative: a multi-brand consumer products conglomerate dominated by advertising, it embodies the language of promotions fluently, and rarely acknowledges other aspects of performance. When sales flourish, management thanks obsessive advertising; when sales flounder, management blames its ineffective advertising. Considerations of category management, stock-outs, pricing above competition, and trade marketing remain hidden or dismissed. The promotions-immune slump deepens until forcing a change of narrative. And a new CEO.

We are the stories we tell ourselves. And yet narratives expire. Consider Alexander the Great. Captivated by stories of Achilles and ambitions to excel his father, Philip II of Macedon, in territorial expansion, Alexander instituted a regimen of conquest that persisted until his death — with little "administrative" thought for consolidating and managing his gains. That is, Alexander thought more for (military) acquisition than (socio-political) stabilization, and left his empire no foundation of sustainability to outlive him.

Something similar happens with management ideas. Every business lives and runs a central idea that governs it and determines activities, discussions, procedures and goals.

Yet its organizing narrative requires inherent flexibility and constant currency if a company intends to align itself toward success rather than error.

And, of course, any leader or manager must define her company's dominant narrative, whether instigating or identifying it. Further, she must recognize the stated narrative versus the unconscious operative narrative — often quite distinct: one speaks to ideals, goals, ambitions of the company's mission; the other expresses limits and viabilities, obstacles and opportunities, conflict and congruence within the company's system. In these tasks especially, effective leaders serve as both teacher and apostle: they adopt a theme (that is, a strategy) and endlessly proselytize its benefits and necessity for the company; and they observe and assess the company's daily operations, functions, interactions toward understanding its systemically toward mastering it managerially.

E. *The Need for Renewal: Ever-Changing Stories*

Taking Jungian regression and progression to their debilitating extremes, we arrive at, respectively, depression and implosion or anxiety and explosion. Which is to recognize that, like an individual, a company exhibits signs of depression, a regressive force, or anxiety, an accumulating force.

Characterized by engagement rather than withdrawal, anxiety evinces more connection to life. And life forms itself around change; as does the market. As previously discussed, the target of success in business never stops moving. Fickle customers change their preferences, tastes, and devotions. Avid competitors pounce on market niches, customer perception, and other opportunities. Evolving technology shifts a company's fleetness, alacrity, currency. Indeed, reaching maturity — a longevity to which most companies aspire — often begins a company's senility. Yet the dynamic tug between

forces, the tension of balancing distinct and evidently opposing positions, lends any organism impetus, definition, measure. In this regard, anxiety serves as a kind of virtue — denoting unfinished effort, unfulfilled desire, a will to change and to cope with innovation and novelty — that requires a thorough stretching and employing of senses and capacities.

Unsurprisingly, this "organismic" perspective finds traction within the business mindset for the lucidity of its imagery. As Arie de Geus, a former chief of Shell Oil Company's Strategic Planning Group, details in *The Living Company*, a lexicon describing businesses as living entities gains increasing acceptance: *organic* growth; the *spirit* of the organization; the *essence* of the company; company *values*; organizational *motivation*, and so on.

An anxious approach imposes stringent demands on an organization, and stretches its people toward new goals and opportunities. By contrast, a depressive approach invites flaccid complacency in an organization, a static comfort zone in which management revels in annual rituals of productivity and exercises of incrementalism (still more "doing more with less"). Of course, an ever-changing environment tolerates no such stasis: recurrent, automatic behavior soon desynchronizes a company to its environment.

Entropy finds many forms, beyond depression and complacency. Entropy, the heart of the Second Law of Thermodynamics (in Physics), bespeaks the breaking of patterns and structures: dissipation, disorder, chaos. Abandoned cars rust. Unmaintained buildings crumble. Human beings deteriorate with age. Banks losing market presence or customer loyalty dissolve (or absorb into more robust entities). That is, isolated or static systems hasten into entropy, a wonderful principle for understanding business.

A company that isolates itself in its success — the more so in its failure — and responds with over-routinized activities duly ceases questioning its operative existence and seeking expansive opportunities, and thus accelerates its fall into entropy. A corporation not charting its rise awaits its fall. A company not building awaits demolition. A company not exploring and discovering (progression) turns inward and weakens (regression). Like a bicycle without momentum, such a company staggers and falls. Or, as Bob Dylan reminds us: “He not busy being born is busy dying.”

Chapter 3 | The Current Business Zeitgeist: Scientific Management

A. *The Evolution of Management Theories and Criticism*

Managerialism took root at the end of the 19th century, a byproduct of the mechanistic perspective of its time. The subsequent century oversaw the entrenchment of "scientific management" and the myopia it fosters, not the least as indoctrination via an educational system that privileges rational thought at the expense of any substantive consideration of non-rational understanding. During the past century, managerial thinkers devised several means of measuring "good management," generally classifiable as either a numbers-centered or a human-centered approach. The former approach relies on quantifiable measures, such as productivity indicators, while the latter approach focuses on psychological and behavioral aspects affecting manifest results. While both approaches contributed significantly in shaping management thought during the preceding century, the human-centered approach figured less prominently as a basis for theoretical pronouncements.

Our outline here of the evolution of managerialism illustrates these observations.

1. Kiechel and the Mechanistic and Numbers Perspective

The roots of the "Management Century" spring from the 1886 writings on business theory of Henry R. Towne, co-founder of the Yale Lock Manufacturing Company. As described by Walter Kiechel III, author of *The Lords of Strategy* and a former managing editor of *Fortune* and former editorial director of Harvard Business Publishing, Towne's work provided the formal beginnings of our constant quest for best management practices.

The initial stage of management thought, from 1880 to 1945, emphasized hard data. The first "humane" insights surfaced in the pioneering 1924 Hawthorne Studies of factory workers (Kiechel 67), which aimed to show that applied psychology could raise productivity. Nonetheless, these studies failed in providing insight into the human psyche, Kiechel argues, because the study looked at the relationship between psychology and productivity from the limited perspective of efficiency. In this stage, business theory evinced total confidence in numbers and managerial power that led, according to Kiechel, to an elitist hubris couched in the belief that typical workers were "lesser beings" than the cadres of educated leaders and managers (*ibid.,* 66). Hence, he notes, the manipulative and merely self-confirming purpose of the Hawthorne Studies, which investigated the thought and behavior of workers toward fostering cooperation and efficiency.

2. Frederick Taylor's Scientific Management Theory

Great theories project, inevitably, the sensibilities of their creators, and Frederick Taylor serves as no exception. One of the most influential thinkers in management theory, his impact felt over decades despite a proliferation of new ideas, Taylor published *Principles of Scientific Management* in 1911. Formulating our fundamental ideas of large-scale assembly line manufacturing, Taylor proposed an efficiency methodology that analyzes every action, job, and task into atomized, designed, and refined segments. This approach includes separation of work planning from work execution, time and motion research for optimum job performance, detailed cost accounting, and payment-by-result for wage determination.

Scientific Management features prominently — among the first concepts taught — in business schools, at undergraduate and graduate levels, as confirmed by my experience as

a part-time professor at the Adolfo Ibañez Management School in Miami, Florida, as well as by my Bachelor's and Master's degree in business. Without doubt, Taylor's seminal ideas about efficiency influenced, even actualized, the material plenitude of the modern world. If not for efficiency in *en masse* production and a well-tuned system of division of labor, the majority of people would enjoy few manufactured goods and services. Such mass productivity plays a key role in reducing expenses and spreading savings, so to speak. Without economies of scale, modern transportation, from trains to cars to planes, could never have been realized and implemented.

Taylor obsessed over worker productivity and industrial output, and thought of them as the modern world's ultimate accomplishment:

> While much can be done and should be done by writing and talking toward educating all classes in the community as to the importance of obtaining the maximum output of each man and each machine, it is only through the adoption of modern scientific management that this great problem can be finally solved. (27)

There you have it. The solution to the problem of output? "Modern scientific management."

Henry Ford, a contemporary of Taylor and the foremost practitioner of his ideas, pioneered assembly line mass production. World famous for its Model T (or "Tin Lizzy"), Ford's assembly line proved much faster than handcrafting production methods, in which a single assembler worked on a product from start to finish. By contrast, Ford's method employed optimal logistical planning to anatomize a product's constituent parts for assembly via a specialized sequential routine in which several workers master discrete aspects of the whole. That is, multiple assemblers each perform their own unique step — and only one step — in a mechanistic process.

Developed between 1908 and 1915, Ford's adaption of Taylor's methods as a mass production assembly line rose quickly as an international benchmark for other industries. No ivory tower academic but a real-world pragmatist, Ford envisioned building "a car for the great multitude. No man making a good salary will be able to own one and enjoy with his family the blessings of hours of pleasure in God's great open spaces" (Lewis 14). In this way, Taylor and Ford synthesized ideas and values of Great Britain's Industrial Revolution begun two centuries earlier (dated from 1712, with Englishman Thomas Newcomen's invention of a steam-powered pump), and consolidated the paradigmatic metaphor of the organization: the company as machine.

In addition to his advent of the assembly line, another phenomenon influenced Ford's success. By the turn of the 20th century, businesses consisted less of small artisanal shops and more of big enterprises and conglomerates that segmented and specialized (or fragmented) labor to realize economies of scale that almost overnight rendered obsolete the traditional business model. Having both capacity (ample facilities) and capability (substantial labor bases) necessary for mass production, such "big business" concerns were well-suited and well-positioned to take advantage of Taylor's notional insights and Ford's model assembly line.

Thus the advent of Taylor's Scientific Management set modern society's wheels on a firmly rationalist and Cartesian mechanistic path in contradistinction to the firmly religionist and agrarian holistic path of previous centuries, as Taylor traced in his writing:

> In the past the man has been first; in the future the system must be first. This in no sense, however, implies that great men are not needed. On the contrary, the first object of any good system must be that of developing first-class men; and under systematic management the best man rises to the top more certainly and more rapidly than ever before. (*op. cit.,* 7)

Here Taylor advocates supplanting human dominion over creation with “the system”: a mechanistic mode of organization holds supremacy over “Man.” Moreover, Taylor considers “men” themselves as products that succeed when developed “under systematic management” — that is, workers treated as interchangeable drones: mindless, emotionless, easily replicable units of production. Emphasizing maximum efficiency from worker and from machine, Taylor proselytized the ultimate goal of modern business: maximum profit.

Taylor’s call perhaps suited the beginning of the last century, amidst a fierce global race to industrialize nations, develop world economies, and increase competitiveness. Most observers agree that Taylorism proved a critical factor in the unprecedented scale of United States industrial output that assured Allied victory in World War II, as well as subsequent American dominance of the global economy. (Some observers may also note that Taylorism proved a central pretext for the nationalist industrial competition that fueled World War II.) And yet Taylor’s call may strike us today as Orwellian: “the system must be first” suggests a superiority of mechanical and metrical (industrial) logistics over social and political (human) imperatives. How such a system condones — indeed, actively fosters — a “Big Brother” ethos as seen in *1984* seems obvious. Under such asseveration, concepts having a *numinous* experience, such as *individuation* and *vocation* — in other words, personal, inner needs — diminish in importance, even serious consideration, as each individual’s value derives increasingly from the criteria of “systematic management” — the visible roots of today’s pervasive and, indeed, dominant “uncaring mega-corporations.”

Another obvious objection to Taylor's statement involves his invocation of "first class men," an appeal to classism with its explicit implication of "second-class" and "third-class" men differentiated on the basis of their success in rising "to the top." Taylor's wording champions competition as integral to the business world. Which, by the way, explicitly excludes women; while such androcentric language as Taylor employs echoes the mainstream of his time, it nonetheless effectively dehumanizes both women and men, the former dismissed as valueless and the latter defined as sexless. Although Taylor's masculinism in context speaks to the predominance of men among factory workers, it foresees nothing of the radical reversal of that status during wartime. Of course, Taylor stands in abundant company in this regard: most authors of his era, if not all, employed this style as well, at least until feminist critics began calling attention to it in the late 1960s. Today, many continue struggling with equation of the word *man*kind with the *human* race. Such gender-specific language reflects the rationalist-modernist methodology of Taylor's time, which strived toward the "essentializing" — as noted today by postmodernist critics — of phenomena into scientifically objectified categories.

In conceptualizing efficiency as the golden road, Taylor demonstrates a reductionist approach to business in which, he believed, the best operation functions and produces in the shortest amount of time: the logic of making more sellable items more quickly and cheaply. Thus, Taylor reduces the whole of business operation to rational and objective metrics, diminishing the human interactive element to another factor in resource allocation and deployment as the most immediate means of achieving the greatest prosperity: "No one can be found who will deny that in the case of any single individual the greatest prosperity can exist only when that individual has reached his highest state of

efficiency; that is, when he is turning out his largest daily output" (11): the logic of endless effort, presumably unto death.

And as this scenario conjures our earlier image of Sisyphus endlessly striving only to start again, it also adds a cogent nuance: the laborer of endless renewal caught in a singular task *for its own sake,* with little reference to the purposes or goals of that task, or even the sustenance derived from or neglected by that task. And we remember: Sisyphus labored not for achievement and affirmation of his existence but as punishment and penance for his existence.

A further question begs asking: how can we define prosperity?

From Taylor's perspective, prosperity equals material wealth accomplished through efficiency of production.

Taylor's deployment of the term "Scientific Management" in the title of his book (*The Principles of…*) further demonstrates his modernist application of science to business. His rationalist approach aimed at fostering maximum efficiency, by which he meant an elite management molding ordinary "men" into highly productive "workmen" — that is, *machines*:

> If the above reasoning is correct, it follows that the most important object of both the workmen and the management should be the training and development of each individual in the establishment, so that he can do (at his fastest pace and with the maximum of efficiency) the highest class of work for which his natural abilities fit him. (12)

Taylor leaves us with no doubt that, in his modernist view, "men" are subservient to The Company. Further, Taylor demonstrates a palpable condescension:

> The writer asserts as a general principle that in almost all of the mechanic arts, the science which underlies each act of each workman is so great and amounts to so much that the workman who is best suited to actually doing the work is *incapable of fully understanding this science*, without the

> guidance and help of those who are working with him or over him, either through lack of education or *through insufficient mental capacity*. (25, emphases added)

This choice of words evinces an apparent contempt for the common "workman" (that is, we may note, the mainstream of humanity), deemed incapable of performing the technical jobs of modern high-capacity production — or, further, understanding their object — without supervisory "guidance and help." Published today, such wording invites objection as "politically incorrect," for our society no longer countenances overt labeling and characterizations. While a company may require "upper" management with evaluative oversight and perspective (if not always innovative vision) to make decisions for the benefit of the company, its "bottom" management and "lowest" level in the organizational structure may provide insight and experience toward decisions beneficial to the company. Thus, Taylor's language further dehumanizes humans by binding them into a presumptuously rigid hierarchy. This ill-concealed contempt for "the common man" stems from Taylor's pronouncement that the average "workman" not only lacks education and intelligence but actively cultivates sloth, or laziness:

> Why is it, then, in the face of the self-evident fact that maximum prosperity can exist only as the result of the determined effort of each workman to turn out each day his largest possible day's work, that *the great majority of our men are deliberately doing just the opposite*, and that even when the men have the best of intentions their work is in most cases far from efficient? (15, emphases added)

The unsubstantiated presumption that "the great majority of our men are deliberately" working slowly, inefficiently, so as to be as unproductive as possible, again raises hackles today as "politically incorrect," and with good reason: without statistical support, he presents as fact a negative stereotype of factory workers. While in context of his era these

statements may find explanation, they suggest to readers of today a vivid elitism, bigotry, and arrogance.

Nor does Taylor sound any less egotistical when conceding that prosperity "depends upon so many factors entirely beyond the control of any one set of men, any state, or even any one country" because he insists that "under scientific management the intermediate periods will be far more prosperous, far happier, and more free from discord and dissension" (29). Of course, Taylor possessed no means, objective or subjective, of actually knowing or accurately predicting such success. And, in fact, his comments here ring not only presumptuous but false, even preposterous, for he offers no validating criteria or definitive examples for "happiness" or "discord" or "dissension," all highly subjective terms that defy essentializing. Taylor then amplifies his presumption with unsubstantiated promissory declarations: efficiently managed production guarantees that periods of economic hardship "will be fewer, shorter and the suffering less."

> And this will be particularly true in any one town, any one section of the country, or any one state which first substitutes the principles of scientific management for the rule of thumb (29).

Again: pure speculation presented as gospel. Our bewilderment with his language can only intensify with the following:

> The English and American peoples are the greatest sportsmen in the world. Whenever an American workman plays baseball, or an English workman plays cricket, it is safe to say that he strains every nerve to secure victory for his side. He does his very best to make the largest possible number of runs. The universal sentiment is so strong that any man who fails to give out all there is in him in sport is branded as a "quitter," and treated with contempt by those who are around him. (13)

With "English and American peoples" Taylor appears to disclose a further elitist (not to say white supremacist) fantasy: The Great White Athlete. Combined with the bravado

posturing of these players never permitting themselves to be “branded as a quitter,” Taylor’s vision indicates an ethnocentric, chauvinist, and inflated sensibility that seems perforce couched in entitlement and superiority. Yet Taylor errs still more egregiously in offering as objective — even “scientific” — fact his evident subjective observer bias.

Efficiency, as a concept, weaves a central course through Taylor’s text, beginning with his efficiently succinct (if torturously phrased) introductory note:

> This paper has been written: First, to point out, through a series of simple illustrations, the great loss which the whole country is suffering through *inefficiency in almost all of our daily acts*; second, to try to convince the reader that the remedy for this inefficiency lies in *systematic management*, rather than in searching for some unusual or extraordinary man; third, to prove that the best management is a *true science,* resting upon clearly defined laws, rules, and principles, as a foundation. And further to show that *the fundamental principles of scientific management are applicable to all kinds of human activities, from our simplest individual acts to the work of our great corporations*, which call for the most elaborate cooperation. (8, emphases added)

Note Taylor’s modernist attempt to extrapolate his management philosophy into universal application: “all kinds of human activities.” Imagine the *ad absurdum* results, such as people striving for maximal efficiency in walking or dining or performing household chores. The notion, from a human standpoint, sounds obsessive-compulsive. While such behavior may attain “maximal efficiency,” it serves what purpose, whose advantage? Picture Taylor’s personal life, lived by his own tenets, and ask: how do his habits and lifestyle reflect his ideas — or, rather, how do his habits and lifestyle inform his ideas, and his writing? In other words, how much of his projected, supposedly “objective” rationalism derived not from observation or even rigorous theory but from his own personality?

Gareth Morgan attempts to answer such questions in *Images of the Organization*. In every activity, at home and at work, Morgan reports, Taylor followed rigid programs and schedules:

> On cross-country walks, the young Fred would constantly experiment with his legs to discover how to reach the greatest distance with a minimum of energy. As an adolescent, before going to a dance, he would be sure to make lists of the attractive and unattractive girls likely to be present so that he could spend equal time with each. Taylor's life provides a splendid illustration of how unconscious concerns and preoccupations can have an effect on organization, for it is clear that his whole theory of scientific management was the product of inner struggles of a disturbed and neurotic personality. (213)

In demonstrating that Taylor's "neurotic personality" inspired and informed "scientific management" theories, Morgan illustrates the connection between individual personality and vocation, and suggests the propensity of a personality to project its ideas and values into its behaviors and work. Creations of a given personality bear the seal of their creator: their genius, their flaws, their psychological complexes. We see this in works of art; at our best, we bring this awareness of biases to scientific postulants, theorists, leaders and managers, banana oil salesman.

A fundamental insufficiency of Taylor's Scientific Management theory revolves around its concentration in an exclusively modernist approach to business, emphasizing efficiency goals, which disallow most deviations from established operations — and thus neglect innovation, a crucial element of business success that requires a high degree of flexibility (or deviation from standard practices). Maximized efficiency leaves little or no room for operational or conceptual variance — that is, for experimentation or original thinking. Factors of standardization, homogenization, and control drive output efficiency.

Can we wonder at modern workplace byproducts of alienation and boredom, the result of our overemphasis on efficiency? Performing the same tasks in the same rote manner every day, morning to night, with scant room for a personal touch no doubt challenges most anyone existentially (Hello, Sisyphus). Can we wonder at the stereotype of the "workingman" sitting in a bar after finishing the day's job? In this context, enjoying a beer after work grants a simple, personal activity compensatory in the face of a monolithic organization of repetitious, impersonal work. Ignoring the holistic "big picture" of human personality and community, and equating success with material prosperity, Taylor overlooks less obvious yet equally substantive determinants of success. The consequences today of this modern one-sidedness concern leaders, managers, workers, and citizens.

Successive generations of the 20th and 21st centuries live and work within this standardized, mechanized life model. Working Monday through Friday for at least eight hours each day, commuting through swarms of automobiles for more hours every day, we follow a kind of assembly-line life. Waiting patiently in lines for food, fuel, travel, doctors, shows, sports, individuals serve as markers in a timeline, cogs in a progression, interchangeable moments in a schedule: mere factors in a vast systemic machine that promulgates and promotes, and persuades us of, a clear personal and collective mandate: be productive, efficient, normal.

Normal in a statistical way: the most frequent event in a distribution curve. In other words, normal means conforming to the *common standard*, the *ordinary*, a "normality" in which anything different — a *deviation* — becomes an anomaly, an error, an impediment

to the smooth operations of efficiency. One might conjure here Prometheus, who tousled the Olympian status quo with that pesky innovation of life-giving creative fire.

People today — workers and citizens and middle managers — endure a requisite specialization (that is, a fragmentation into vocational specialties), and adapt (that is, conform to) the system's one-sided obsession with "productivity." More product, more objective profit, more objective affluence — not necessarily more subjective "happiness." More efficiency, more product, more profit, more affluence — not necessarily more subjective "quality of life." We have introjected a precise goal: success measured in economical and material (external) terms. Modern generations reflect the scientific approach to life by gathering data, privileging "proof" and tangible evidence, seeking the "logic" and utility of ideas and objects. As earlier noted, Jung reflected on this phenomenon, maintaining that "the much needed broadening of the mind by science has only replaced medieval one-sidedness—namely, that age-old unconsciousness which once predominated and has gradually become defunctive — by a new one-sidedness, the overvaluation of scientifically attested views" (*CW* 9ii: 220, para. 487). Placing efficiency among our top priorities comes with a price: mass production requires mass behavior. Jung discussed the consequences of such a conformist mentality:

> That is why, when the mere routine of life predominates in the form of convention and tradition, there is bound to be a destructive outbreak of creative energy. … The mechanism of convention keeps people unconscious, for in that state they can follow their accustomed tracks like blind brutes, without the need for conscious decision. (*CW* 17: 305; Storr 202)

In *Re-Visioning Psychology,* Hillman elaborated on Jung's identification of the irruption of psychic forces from repressed individual instincts:

> An axiom of depth psychology asserts that what is not admitted into awareness irrupts in ungainly, obsessive, literalistic ways, affecting consciousness with precisely the qualities it strives to exclude. … Thus we are more obsessive and enslaved by the sublimated forms of culture than by the original metaphors. We are more pornographically sexualized than our sexuality, more aggressively power-driven than our ambition, more hungry and dependent than our needs, more masochistically victimized than our suffering requires. (46)

Hillman cautions that the more we stifle impulses the more likely their invasion of our public lives, as evidenced by the modern age's excessively sexualized, ambitious, and needy personas. Thus the importance of maintaining a perspective that balances our contemporary, rationalist understanding with what modernists consider "irrational" insight and creativity. Stated another way, the logical modern mind benefits when we allow psyche voice in our lives.

Of course, efficiency serves as more than goal, obsession, or compulsion, but as *necessity* to participate in the modern system. Consider myself as probably representative of this era: my life requires efficiency in managing a continual juggle between such demanding and diverse roles as father of three, husband, Vice President of Planning and Marketing for a global corporation, doctoral student, writer of a syndicated weekly column in Mexico, and painter. These roles comprise my professional and relational life. What of my personal aspirations: exercise and yoga, chores for my aging parents, wide-ranging reading of everything from comic books and the *National Enquirer* to Heidegger and Nietzsche? And I want to see my friends and have fun. Without proper time management and resource allocation, I would accomplish none of my goals, and fulfill few of my duties; in this respect, Taylor himself would perhaps applaud me.

And yet a price begs payment for this heavily modernist life. As discussed earlier, efficiency promotes specialization and rote action over original thinking, and fosters a

system that readily devours participants. Pursuing the delights and distractions of the material affluence resulting from industrial efficiency leads us into a "fast lane" in which, more often than not, we avoid ourselves, allot no personal sacred time, establish no personal sacred places. Faced with our conformity to a lucrative system, we dare not introspect or reflect upon our lives; rather, we stifle ourselves like "blind brutes" refusing to attend the inner voices calling us to adopt fresh perspectives towards life. Rather, we indulge in evening drinks (our unique version of the workingman at the bar) and stare at our television screens until exhaustion sets in and we rest before awaking back into our repetitious — indeed, monotonous — routines. But denial disperses psychic energy not at all, solves no psychic imbalance, as Hillman indicated. Which is to acknowledge that, from this perspective, *society itself* chimes symptomatic of the blindness of one-sidedness.

Many implications swarm regarding standardization of existence as input-to-the-system. Perhaps the transcendent value of Taylor's work resides more in his ability to grasp a social movement and translate it into management theory than the proposed theory itself. In this light, Taylor seems more artist than scientist, a theorist who in applying modernist insights about efficiency to the business world devised an efficient, mechanistic angle that fitted perfectly a society well into its ride on the wave of industrialism.

3. The Human Perspective

During the second period of management thought, from 1948 to 1980 per Kiechel's time division, the traditional relationship of worker and boss (labor and lord, subject and king, in earlier epochs) gave way to a new configuration: manager versus employee. This

understanding granted, ostensibly, greater acknowledgment of and respect for an employee's potential and contribution. And during this post-war period, humanistic psychology found application in business through the initial writings of Peter Drucker, an Austrian-born management consultant who exalted the corporation as a social institution (Kiechel 66). During research for his 1946 book *Concept of the Corporation,*" Drucker reportedly encouraged worker empowerment among General Motors executives (*ibid.,* 67), an effort failing, at that particular time, to sow considerable success.

Others allied with Drucker in promoting a more human and social line in managerial thinking. Fritz Roethlisberger published the first findings of the Hawthorne experiments in 1937, describing organizations *as* social systems (*ibid.,* 66). Inside these systems, he claimed, managers played the noteworthy role of maintaining structural and interactive equilibrium. Further, Roethlisberger first applied insights from psychotherapy to management theory, collaborating with psychotherapist Carl Rogers to produce *Barriers and Gateways to Communication* in 1952. Confronting managers for their dysfunctional communication, and demonstrating that "in emotionally maladjusted people" communication itself often breaks down, the duo modeled a new language for business revealing that "unconscious, repressed, or denied desires" create behavioral distortions (*ibid.,* 105).

4. McGregor, Henderson, Drucker, Porter, and Company

Douglas McGregor, a professor at MIT's Sloan School of Management, complemented the human approach in managerialism with his 1966 book *The Human Side of Enterprise*, albeit couched in a judgmental approach. Drawing on Abraham Maslow's hierarchy of human needs, McGregor countered the common theoretical

supposition that unsupervised workers demonstrate an inherent laziness with his theoretical proposition that, rather, most people seek meaning, fulfillment, and accomplishment in their work (*ibid.,* 67).

The rise of strategic thinking during the 1960s marked a fresh turn in management thought. Bruce Henderson, founder in 1963 of the Boston Consulting Group, insisted on strategic thought yet demanded a “sensing” or intuitive capacity from managers in assessing such indicators as costs, customers, and competitors. This concentration on key performance indicators, according to Kiechel, defined a new era of more aggressive companies that afforded priority to corporate goals and neglected or sacrificed social goals. Further, Drucker’s *Managing for Results* (1964) demanded, for the first time, more from executives than the basic act of managing. He argued that management’s responsibility excelled the factory and boardroom to encompass a vigilant witness of markets for expansion opportunities.

In the current period, from the 1980s to today, the numbers-driven approach to management retains it dominance over the human-centered approach. Urged forward by Michael Porter in *Competitive Strategy* (1980) and *Competitive Advantage* (1985), corporations adopted a new (or renewed) aggressiveness. Business schools responded to this atmosphere by delimiting and diminishing subjects such as “human behavior” and “organizational theory.” And from the 1980s forward, a majority of MBA candidates seek assurance of attractive salaries in the worlds of investment banking or business consulting rather than awareness of corporate social dynamics (*ibid.,* 71). Having achieved my MBA at the University of Texas at Austin and having taught MBAs for

more than decade, I attest professionally that "hard" approaches subordinate "soft" approaches in academic as well as professional venues.

The publication in 1982 of Tom Peters and Bob Waterman's *In Search of Excellence* attempted revival of the human element in management and recognition of the importance of organizational culture in the success of companies. Itself only a modest success, the book stumbled in identifying as examples of excellence many companies that eventually declined and failed: Allen-Bradley, Amdahl, Digital Equipment, NCR, Western Electric, and Blue Bell are all defunct while Atari and Eastman Kodak struggle to recuperate growth and former prominence. Evidently, finding the formula for managerial excellence remains elusive.

Apart from an excessive aggressiveness, companies of the current period evince new types of functional malaise. For instance, the dilemma of Agency Theory, as outlined by Michael Jensen in a series of HBR articles, examines the torn and baleful relationship between business executives and shareholders. Jensen describes how different risk tolerances, not to mention agendas, often incline corporate principals and agents to different, opposing perspectives and actions. Further systemic malformations arose with the granting of stock options as executive compensation, including the ratio of executive pay to that of rank-and-file cubicle worker climbing "to Olympian heights" (Kiechel 73).

Over more than a century of evolution, business management theory today circles evolving concepts of leadership and innovation closely linked to the human aspects of leadership: managers inspire, motivate, and guide their workers; innovation thrives as a people-first process. And yet questions persist regarding leadership and innovation. For example, no consensus defines the constituent attributes of a leader, or the process that

fosters leadership (*ibid.,* 73). Sources of business authority remain questioned, and, as with any system, social or political, businesses remain in quest of shaping effective new structures — as with organizations aspiring to flatter or more “level” structures that distribute decision-making and thereby empower employees, regardless of their position within the company. Still, as expressed by Kiechel, “the biggest managerial challenge facing the 21st century company” remains finding ways to free “that spark, resident in employees” (75).

As its evolution demonstrates, managerialism faces continued problems in the workplace, its work unfinished. As Kiechel observes, while management strives to make humans and their organizations more effective, “humans stubbornly cling to their propensity to be human” (75).

And this last statement underpins the purposes of this study’s proposition that management at its best — at its most effective and productive — focuses on people making decisions, people working with other people, people buying and selling to other people. This notion transcends the numeric and humanistic taxonomy utilized by Kiechel to organize the evolution of business management. As demonstrated by Depth Psychology, within each individual resides a psychic process of perceiving the world and making decisions: a psychic process of beliefs, socialization, and self-knowledge that colors and influences thoughts and actions. As the rivalry between being human and managing humans persists, we must acknowledge that business executives privilege rationalism, through overtraining in its tenets, to the detriment of such principles as human perception, behavior, and community — and thus to the detriment of effective management. Managers today still overrate technical prowess and underrate, or

completely ignore, psychic energy. That is, they persist in overestimating and overemphasizing the material world while underestimating and neglecting the invisible numinous one.

B. *The Need for Flexible Management*

1. The Outdated Company

A company becomes outdated or "old," it is said, when it loses flexibility. Like any human, a company grows rigid and resistant to revising concepts and practices that seemingly "worked" throughout its life. Of course, some companies grow old despite their chronological age.

As noted by Peter Michael Senge, an American business consultant and author of *The Fifth Disciple: The Art and Practice of the Learning Organization*, the most crucial key to retaining flexibility remains continuous learning — the hallmark of "the learning organization" he defined in sparking a movement toward "intellectual capital," the recognition that a business comprises not only patents and processes (intellectual capital) and facilities and networks (structural capital) but also the combined value of its people and their relationships, internal and external to the company (human and relational capital).

Edgar Schein, a former professor at the Massachusetts Institute of Technology, furthers that insight with his descriptions of a number of characteristics and habits that companies embrace or neglect toward enhancing or destroying themselves as organisms that learn from and, indeed, create knowledge. For instance, an "old" company separates, sections, and focuses on tangible goals and measures, vesting its credence in such traditional metrics as profits, inventory, raw data, production, competition. A "youthful"

modern company retains these "proofs" yet orients itself toward intangible "soft" functions and measures such as interpersonal relations, team morale, employee and customer loyalty. That is, a "young" and flexible company integrates and harmonizes with the intangible.

In Taylor's terms, a rigid, calcifying company focuses on systems rather than on people. Perhaps ironically, some "old-school" directors envision their "perfect company" as one operated by robots *because* they perceive people as problematic, rife with intangible qualities that impede efficiency — as McGregor formularized in his "Theory X," which accounts people as inherently lazy and essentially irresponsible. Imagine such a pristine company, ruled by mechanistic data computation, robotic manufacturing, quantitative assessment of markets: could it respond to the needs and aspirations of its (supposed) human customer base?

The modern company, youthful and flexible, must believe in people, invest in people (internal and external to the company), take risks on their behalf, expect the best from them — as it does from itself.

2. The Apple "Explanation"

Scholars and analysts almost continually predict the end of the "golden age" of Apple Inc., the computer company. As do its would-be rivals: "The next big thing," chimes the Samsung slogan announcing its current rival phones as if an omen that the Apple brand nears exhaustion.

But what drives Apple's success? What may deplete it?

Apple serves as academia's favorite model, few other companies receiving so much studious attention. Yet the indisputable genius of Steve Jobs, the architect of Apple

innovation and dominance until his demise in late 2011, fueled and propelled the company rather than sustained it: even as its overmastering leader, Jobs delegated decisions and implementations, conceived and facilitated rather than dictated processes. However much his company institutionalized his admired skills and habits — replicated, as far as it could, his DNA — a business of Apple's scale sustains itself on more than the presence of a singular genius.

What made Apple great?

Was it, as strategy gurus and professors at INSEAD, the world's second largest business school, W. Chan Kim and Renée Mauborgne claim, that Apple found "a blue ocean" where it rendered competition irrelevant and invested in the variables of its value proposition (that is, a company's goods and services that have found their place in the market) and impacted the market in a unique way? Yes.

Was it, as Porter, leading authority on competitive strategy, claims, that the company handled its tradeoffs well, executed its value chain (that is, a company's operational layers that deliver its goods and services to the market) better than all others, and distinguished clearly between operational efficiency and strategy? Yes.

Was it, as Senge, a figure in organizational development, insists, that Apple built a company that efficiently learned and adapted to the needs of the market? Yes.

Was it, as Christensen, the world's foremost authority on disruptive innovation, notes, that the company's pace of disruptive innovation captured markets before all others, while focusing its model devices on market segments from high low)? Yes.

Was it, as Brandeburger and Nalebuf (experts on business strategy) claim, inspired by Nash, that Apple found the right formula for integrating into its business model an

external network of operational (software) nodes mounted on unique and elegant functional (hardware) platforms to devise a superbly differentiated value proposition? Yes.

Was it, as Everett M. Rogers claims, that the company capitalized on varied customer segments of the market through effective means of managing the diffusion/adoption of innovation curve, Rogers' proposition that innovative strategies and techniques spread (or diffuse and gain adoption) through social systems, and that any company — particularly one of scale — requires renewal through innovative thinking and processes?

Was it, as Jim Collins contends with his "Hedgehog Principle", that Apple intuited a necessity "to build watches instead of telling the time," thus fulfilling the ancient Greek parable that "the fox knows many things [such as various means of measuring time], but the hedgehog knows one big thing [such as crafting a perfect timepiece]"? Yes.

Was it — But shall we continue citing, *ad nauseam*, celebrated and overstated business management theories applied retrospectively, reactively, to an ingenious company's outsized success? And especially in our recognition that analysis applied after-the-fact inevitably validates itself, *la théorie du jour*?

Moreover, shall I strain and wonder whether Apple — Steve Jobs himself! — read my book *Hipermarketing* (2005) and adopted my elegant model, which proposes that a company in its entirety should align itself with market opportunities based on consumer interest and need as positioned against competitors?

If all theories work in retrospect, then the unique irrelevancies of each stand revealed. And yet, unfortunately, companies and academies develop their management theories in just this way: conceive and formulate a model, then apply it to successful companies;

gather specific examples and particular ingredients to "verify" that the selected successes comply with the model, which in turn serves to "prove" the theory. And somehow, unfortunately, we assume and believe the causality explained by each closely-focused, "single-reason" theory. Though, of course, this indicates more our propensity to seek *the* explanation, *the* correct way, *the* precise theory, *the* detailed methodology to achieve success, than the validity of any given theory. Because something has never been everything: new perspectives on business management amplify our understanding, but we cannot put aside the infinitely complex variables that impact a company, especially the quotient of human behavior.

Furthermore, the performance of one company effects and responds to the performance of other companies. Any given company may adopt effective strategies and yet perform poorly because of more effective competition: a robust and profitable K-Mart floundering against cut-rate pricing by Wal-Mart; innovative and well-positioned Nokia and Blackberry evaporating in the laser targeting of Apple and Samsung. Further still, success and failure often depend on timing and timeliness — that is, it must be said, good or bad luck. Leaders or managers who neglect to account for luck or exogenous variables assume successes in management that lack correspondence with their efforts, and so base their operations on false premises. Thus when their operational factors shift — as when sales slacken — they fail to account for events and their causes. Worse still, since such leaders and managers lack understanding of the sources and causes of their success and the reasons for shifts in their fortunes, they react with erroneous "corrective" decisions, further confusing their organizations and the market.

In synthesis, while applying management theories with accuracy remains problematic, let me share my two favorites:

- A good business poorly managed is preferable to a bad business well managed.
- Some 80 percent of business success consists in showing up, staying present, and persevering.

3. The Perils and Dilemmas of Growth

The question is always the same: Are we going to grow? (How, how much, where, when?). Some thoughts on growth:

- “Stability” is not possible: a company grows or shrinks. When growth stops, implosion begins. When growth stops, chronic forces and configurations activate like a gathering tsunami. Symptoms, like disease, appear slowly, yet their appearance indicates a well-advanced condition.
- One-dimensional growth inevitably results in chaos and disruption. An exalted growth vector begs a countervailing depressed vector. For example, expanded selling requires aggressive vendors, flexible credit terms, open range policies, and vast product portfolios. Thus, a company obsessed with sales privileges its commercial function, which crimps its financial and systems functions of control. While varying with emergent priorities, the point stands: a favored function overpowers and subdues other functions, impelling excesses with its function and dilemmas with others. A flexible, growing company must strategize for these excesses and dilemmas.
- Rampant growth spurs dysfunction. As acknowledged from Charles Darwin’s theory of evolution to Nassim Taleb’s principle of antifragility (*passim*), size becomes an obstacle. Conglomerates eventually disintegrate, immobilized in their loss of flexibility, subordinated to bureaucracy intent on self-preservation, fragmented amid political battles among leadership. Prone to rivalry between available strategies and metrics, oversized companies tend toward splitting, emancipating, divesting component parts rather than subsidizing them.
- A company grows either organically through self-generation or mechanically through acquisitions. Further, four growth activities identified by mathematician Igor Ansoff, inform all growth: penetration (same customers, same products); product development (same customers, new products);

customer development (new customers, same products); diversification (new customers, new products).

• Growth based predominantly in sales to repeat (same) customers — versus percentage of sales from new customers — loses market share and vitality. A company must renew and expand its customer portfolio to remain viable.

• Growth based predominantly in sales to new customers (as with a newly established company) weathers customer turnover, yet intensive turnover depletes time and adds costs typically unaccounted in financial statements. Retention of established customers supports and complements acquisition of new customers.

• Growth requires decentralization or "releasing the genii" of creativity beyond established systems: venturing into new territory, empowering local employees, incurring costs of learning and acclimating to new environments. In turn, this requisite expansive energy eventually requires compensatory oversight, or centralization. And back again: after a period of concentration and control, expansion requires opening into dispersion of efforts and resources. The emergent challenge for any leader or manager: recognizing "when" and "how much" to move between each period.

• Localized growth yields substantial advantages. For instance, as the world's largest retailer, Wal-Mart boasts an impressive leadership and undeniable market reach. Yet the Texas-based and -concentrated H-E-B ("Here's Everything Better") grocery chain demonstrates enviable growth focused in a celebrated regional brand with intensive territorial coverage and logistical efficiency. As in warfare, conquest expands from interior to exterior, beginning with a neighborhood, expanding to a locality then a region. The emergent challenge for any leader or manager: recognizing "when" and "how much" to saturate the target at each stage of growth — for instance, high penetration within a small territory, or low penetration over a large territory? The first usually outperforms the second.

• Successful growth generates arrogance and complacency — followed by organizational dilemmas that disrupt and distort sensors for understanding a company environment, internal and external. Behaviors become patterns: a leader with broken sensors eventually breaks his business.

• When its organic growth costs too much, when its selling becomes more difficult, a company must revise its value proposition. An outmoded and desynchronized value proposition must give way to one that hits its target market with precision and clarity, with timely and agile delivery and communication. Such a fresh and attuned value proposition attracts response, a kind of strengthening magnetism.

4. Hubris and the Sins of Success

The glories of success exact their prices.

Consider Heracles, the impervious hero tricked by Hera into a murderous madness and slaying his wife Megara and their six sons. Think of Agamemnon, the indomitable victor of Troy, returned home to be slaughtered by Aegisthus, his wife Clytemnestra's lover. Remember Achilles, the greatest warrior of Ancient Greece, granted immortal fame yet doomed to early mortality. What of King Midas of Lydia, who prayed Dionysus grant that his touch turn anything to gold, then died of starvation? And what of Icarus flying so ecstatically high that the wax securing his wings melted, and he thus plummeted to his death?

Nemesis arises not from victory itself. Divine wrath falls not from success, but from the inflation we drink from success, spinning our heads: haughtiness, invincibility, omnipotence, immortality. Such hubris — the inflation of pride into arrogance — applies to individuals as well as organizations, and serves as the second cardinal sin of business discussed in the following section. Further, personification — our tendency to relate to our bodies, ideas, emotions, and external objects generally as if they were human — runs rampant through our terminology for discussing organizations: the company that learns; a living brand; the inflexible, listless, copycat corporation, or the eager, unique, open one.

Victory and pride turn tricky for leaders and managers and companies with bragging rights, because their systematic success attests to the effectiveness of their approach. And yet therein rises their perhaps most daunting challenge, because success fuels both intoxication and toxicity. Victory, and especially pride in victory, often swells the victorious and prideful to bursting as it biases their judgment with both certainty and

anxiety, burdens their performance with plaudits and expectations, pressures their decisions with confidence and concern, demands of them both repetition and continued innovation. And leads the hubristic leader into any one, or all, of the six cardinal sins of successful businesses.

C. *The Six Cardinal Sins of Successful Businesses*

Anyone ensconced in success stands one step away from polarization and falling into any of "the six cardinal sins of successful business." Well, we call them "sins" for dramatic effect, though we speak of proclivities, propensities that seem almost fixed parts of our human nature.

1. Complacency

Complacency — from the Latin *complacentia*, a taking of pleasure denoting contentment and self-satisfaction — arises symptomatically from the fact that "business-as-usual" begets comfort: "don't rock the boat."

Of the cardinal sins of success, complacency proves the most formidable because it expresses the death of innovative and entrepreneurial passion. To err in the process of striving for greatness stands far above not even trying.

People in this position usually feel *entitled* to their satisfaction, to enjoyment of the fruits of their labors or talents, and elect to ease their efforts. Seemingly, they forget that life loses no sleep over giving everyone their "just desserts." Life never ceases moving forward, with dispassionate pragmatism unconcerned with simple notions of "fairness." (No need here to delve into accrual of *karma* or promises of eternal life, fodder for another study).

Competition in the market turns on preferences, competencies, configurations, skills, satisfactions, merits, money. “Fairness” rarely governs the Darwinian competition between businesses. Even justice often seems rigged in favor of the strongest players.

Which is to say that a viable company can’t “take a breather,” because life doesn’t. Markets change, competitors hound, environments encircle. Chaos chomps at the bit of supposed order, and the strain inevitably yields change. However we may find difficult accepting that we live immersed in ambiguity, ambivalence, and anxiety, we may realize that precisely amidst the tug of war between ordered plans and chaotic contingency, within its ebb and flow, we evolve and build and achieve. That realization tempers us to a fundamental fact: once you devise your answers to anything, your questions change; once you hit the jackpot in the market, you find that your customers modify their fancies; once you prevail over one competitor, you face others popping up without pause.

“Only the paranoid survive,” as former Intel CEO Andy Grove put it. Referring to a permanent state of anxiety that inspires vigilance or exhaustion, Grove suggests anxiety as the ticket to life: to be alive is to be incomplete, empty, wounded, and hence we seek completion, fullness, healing or resolution. When we capitulate and cease our struggle, entropy quickens, consumes, and death looms, bringing a sense of fulfillment or making it irrelevant. Vigilance suggests an alertness and diligence in facing life with aspiration, or ambition. Exhaustion evinces a depletion by which an overtaxed organism defaults to a state of depression or disease.

The Second Law of Thermodynamics in Physics states that isolated systems move spontaneously toward entropy — that is, disorder, chaos, dissipation, breaking of patterns and structures. A company isolating itself in success, or even in failure, falls into a rut of

routine, stops questioning its existence and seeking opportunities by setting challenges for itself, and thus hastens the onset of entropy. Simply put, a company (or a country, or an individual) going nowhere is a company going downward; a company not building is a company surrendering to the wrecking ball; a company dwelling in reaction is a company disavowing creation; a company choosing against exploration and discovery is a company wallowing in self-absorption and awaiting destruction. Like a ship, a company without a course and heading is a company drifting aimlessly and inviting its destruction on deadly shoals.

A complacent business has no use for innovation. Such a drifting company sabotages all initiatives (consciously or unconsciously) because such movement stirs an organizational hornet's nest and shatters sweet, cozy feelings of comfortableness in achieved success and structural routine. Clinging to a state of balance kills the spirit of adventure, conquest, and change. Thus a complacent company — as with anything capitulating to its aging — becomes hard, rigid, and closed. And thus it destroys its value chain: the spirited, entrepreneurial players who fueled its success break rank and leave for more like-minded players that share their enthusiasm and interest in innovation. And their replacements mirror the complacency enabler (as we saw in our case study of Harry Nazamian), until the value chain becomes a complacency chain that draws the company over the cliff of entropy: the talented, committed workers who drove the company to success now despair and dissent or jump ship. In this scenario, typically, management tightens its grip, rationalizes its strategy and trajectory, dismisses "disruptive" individuals. Entropy amplifies whenever a sense of productive urgency, with its goals and schedules, disappears: deadlines shift, procrastination roots; procedures, policies, and

rules attain deific importance, each enforced to the letter; paternalism, sycophancy, subsidy, lack of personal commitment — all prevail. The administrative group trumps responsibility. The champions of change vanish, become ghosts.

Can a company manage complacency? Usually, status quo culture requires a major crisis, real or fabricated, to interrupt its contented passage through life: a shock delivering adrenaline jolts; an oracle foretelling doom and demise; a hero rekindling home fires; a revelatory spark becoming an administrative system; a new dream inflaming a yearning heart.

When top management worships at complacency's altar, they pose their company quite a predicament. The team must be brought to reason, with new metrics and revised compensation plans implemented.

When a CEO sits his corner office as a high temple of comfort, he must be invited to leave the company. That threat alone might snap him out of lethargy and compel him to trade a complacent attitude for an anxious one. We all deserve an opportunity or two, even three. But can the company withstand indulgence?

2. Arrogance

Arrogance — from the Latin *arrogantia*, a haughtiness of attitude denoting a superciliousness, insolence, assumption of superiority — arises symptomatically from the sense of victory over "inferior" enemies: "don't even bother."

"Pride goeth before destruction," as Proverbs 16:18 assures us, "and an haughty spirit before a fall." Set on an illusory cornerstone of the inferiority of competitors, an arrogant company tempts the most spectacular of crashes, the Titanic disaster of hubris atop the soaring heights of success.

Remember Daedalus, that master inventor imprisoned with his son Icarus on the island of Crete thousands of years ago, who fashioned wings to escape by air. Before taking flight, he warned his son: “Icarus, fly too high and the heat will melt your wings.” As discussed in Chapter 2, the pair succeeded in taking to the air, but Icarus became giddy with his new power and began performing aerobatics, soaring ever higher. As his father warned, the wings of Icarus melted so near the sun and the boy fell to his death.

Success, especially in business, reinforces and, too often, fixates behavior. Persistence in a company’s established “formula” in turn abets a natural propensity to censor information toward accommodating the perspective — that is, the idealized ego — of the executive. Repetition in decision-making begets compulsion and, eventually, the *enantiodromia*, or pendulum-swing oppositions, discussed in this study’s Chapter 5: “Psychic Energy and the Challenge to Business Sensors.”

The modern era’s most obvious repetition of the hubristic tragedy of Icarus played out in the familiar tale of the HMS Titanic, the luxury liner that “not even God himself could sink” (according to an employee of the White Star Line) until it became history’s most infamous sea disaster. Derived from the elemental Titans conquered and supplanted by Olympian Zeus and his family, the term “titanic” denotes exceptional strength, power, or size, yet harbors a pejorative sense of excess and impermanence with connotations of bombast and hubris preceding defeat.

The notion of excessive pride or arrogant self-confidence — hubris, from the Ancient Greek *hybris* (“insolence”) and *hybristikós* (the individual “given to wantonness, insolence”) — encapsulates the warning of Proverbs 16:18: ego trips and titanic personas suggest a coming catastrophic fall.

Acknowledging the implications and risks of such arrogance for decision-making, apart from moralistic judgments, yields numerous insights. Arrogance originates from various sources. Three compel especial address.

Foremost, perhaps, arrogance arises with top management, grown contented and entitled in its privileged position, distancing itself from the "lower" altitudes of reality. Dictating orders from a throne eventually encapsulates and isolates any leader or manager, and ensnares them in a web of variable reports offered by minions. Sycophants parade the good, gloss the bad, and swell the ego of their potentate.

Arrogance also arises from a company's effective outperformance, even conquest, of competitors, which spurs a shadowy assumption: a company leading the pack of its rivals must be the superior company. An obvious and clearly hubristic fallacy.

Arrogance also arises as compensation. When leaders or managers feel inferior regardless of achieved credentials or success, their psyches offset their fears, seek to indemnify themselves against their perceived weaknesses, through pretense or inflation. At the first unequivocal victory, such psyches latch onto it as recompense for feelings of inferiority, and often persist, as we have seen, in their established "formula."

Superiority and inferiority complexes adorn different sides of the same coin, identical ends of a supposed continuum manifested in different manners and moments. As the saying goes, "You wear your heart [and your complexes] on your sleeve." Jung described how complexes "interfere with the intentions of the will and disturb conscious performance":

> they produce disturbances of memory and blockages in the flow of associations; they appear and disappear according to their own laws; they can temporarily obsess consciousness, or influence speech and action in an

> unconscious way. In a word, complexes behave like independent beings. (*CW* 8: 121, para. 253)

Not all arrogance makes itself evident at first glance. It also rears its head in decision-making as overconfidence, total disregard for competition, unwillingness to consider information contradictory to the company's current image or structure, intolerance at the slightest questioning. Because of its unconscious nature, a complex gains strength toward overtaking consciousness and remaining ahead of intellect and sensibility through repression. Ignore the shadow ("I'm not like that!"), and it grows, overwhelms — as discussed with the sixth cardinal sin of successful businesses: Denial.

An arrogant corporation suffers a kind of colorblindness. Gazing at the world through its superiority-tinted glasses, such an hubristic company sees only inferior rivals, overrates its own strengths, underestimates it competitors and its own weaknesses. Similarly, an arrogant corporation suffers a kind of deafness. Dancing through the market to bravado-rhythmed music, such an hubristic company ignores or dismisses changes in the business environment as well as comments of customers and suppliers, established and prospective. Further, an arrogant company loses its olfactory and intuitional senses, unable to "smell" or feel insights and opportunities, those aromatic and visceral cues picked up from the market that seed greatness.

An arrogant company becomes rigid, so much so that it demands everything — workers, customers, even the market — adapt to its strategies and structures. A hubristic company avoids self-criticism as it derides competitors and revels in their mistakes and blunders. Such a company sits enthroned in an existentialist mode that declares itself fit by declaring others debased.

Can a company manage arrogance? As with most of the six cardinal sins, address and resolution often requires a major crisis, real or fabricated, to refocus energy. Leaders and managers detecting hubris creeping into their company enjoy a few options, if applied in time:

- Separate divisions or projects into business centers.
- Assess initiatives directly rather than consolidating results.
- Tally the company's best product or service (its "top producer") separately to ensure visibility for other products and services.
- Present results internally, excluding 20 percent of top income-generating customers.
- Offer customers and suppliers visibility and clout by inviting them to meetings and to share frankly their likes and dislikes about the company.
- Abandon routine, as through visits to counterpart industries in other countries.

Inevitably, the glaring fact of a changing business model becomes visible, which opens further options:

- Ask all executives to visit with clients.
- Focus on lower growth or dwindling product lines and client segments.
- Import outsiders to shake and catalyze fixed perspectives, routines, and procedures (And when the hue and cry swells to dismiss them, don't).

3. Politicking

Politicking — from the Greek *politikos*, a portion or sampling of the *polis* (city) or *polites* (citizenry) — arises symptomatically from the establishment of entrenched divisions or "fiefdoms" within a company that warp or impede its functions and declare, "that's not my problem."

Humans revealed their inclination to politicize their affairs long before even Plato, who defined humans as political animals. Indeed, where two people meet, there flares politics — that place where haggling, conscious or unconscious, begins. Even in the best of families, politics play. On a larger scale still, the tribe — that centuries-old hive of relational and survival politics — served as the main hub of human development, our means of maintaining and sustaining our social units and our legacies of knowledge, law, and mythology.

Even today, evidently complying with a mandate of evolutionary psychology (or sociobiology), humans move in much the manner established hundreds of thousands of years ago: in tribes, and in packs within tribes, and in groups within packs within tribes. Like most animals. (Ethologists still marvel at the similarities, tribal and otherwise, between humans and other primates).

Although "us and them" seems the most elemental formulation of tribal consciousness, that gives way to the historical fact of "us *against* them." Generally, groups tend to identify groups resembling themselves as "good" and groups differing from themselves as "bad." That is, we seem as groups and even as individuals to grasp and allow "similar" as appealing, complementary to our status quo, yet to fear and reject "other" as puzzling, threatening to our "way of life." Darwin noted this in theorizing about evolution:

> There can be no doubt that a tribe including members who from possessing a high degree of patriotism, fidelity, obedience, and affiliation would always be ready to sacrifice themselves for the common good, would be victorious over other tribes, and this would be natural selection.

The corporation represents the political battleground *par excellence*. In theory, corporations operate under the precept of "our company vs. the competition" (all other

companies). In practice, corporations operate more often under the notion of “dog eat dog” (everyone against everyone else within the company).

Before competing in the market outside, a company must resolve this internal issue.

Given its inherent propensity for fostering political strife through internal division and group subdivision, standard organizational design may be beyond repair, may in fact be obsolete. A typical symptom of internal tribalism arises as counterproductive labeling and judging of others as “inferior” or “strange”: salespeople are whiners; human resources staff are controlling; financial officers are “square”; marketers are big spenders; production crew are myopic; planners are dreamers. A circular organizational chart, with client segments clearly labeled and multifunctional teams defined to serve them, can subvert such dissension, simply by delineating fields of activity and common cause.

Perhaps ironically, though perhaps not surprisingly, successful companies appear more prone to politicking, since its energy outflow (to the market) remains clear, cash flow remains ensured, the business model remains viable. With its energy outflow turned inward — as with reductions of profits or operations — staff focuses on termination and succession, and various contingent dramas: who the CEO invited to dinner; which staff members address their superiors on a first-name basis; who shone in which meeting. In a politicized firm applying itself internally rather than externally, underlings feel beholden to bosses rather than to their current projects or to the organization itself. And the company’s energies flow to defending and extending turf (usually through budget): everything turns territorial, meetings becomes stages for political show.

In this scenario, decision-making processes become draining. Politicking sows an urge for revenge between groups, and prompts an atmosphere of sabotaging initiative,

delaying action, defying perceived rivals with passive aggression. Soon, squabbling management sequesters or drives away technical talent, which understood and operated the company. A politicized firm resists the slightest innovation as threatening to the status quo, the establishment, its negotiated, accepted, victorious culture. Opening the system means risking the loss of turf. In a company's tribal wars, its big picture blurs in favor of the aims and gains of the competing tribes: "If I don't win, you won't either, even if the company goes to ruin."

Can a company manage it politicization? Perhaps the most direct and immediate approach entails devising or introducing a major new, highly visible project highlighting market demand. To meet the opportunity of the new project, managers dissolve existing groups and blend tribes, promote collaborative leaders, and install compensation plans designed to foster and reward teamwork. In other words, a company must grease its wheels with great energy and visibility by applying marketing within: unite staff around a clear, compelling goal, and nurture the emerging new culture as a target market in itself.

Further, management can afford rival companies — "the enemy" — greater prominence, turning a nebulous external entity into a major internal threat. Think of it: if Martians threatened an invasion of Earth, even traditional belligerents like Iran and Israel would forge an alliance. In other words, management must revamp the company narrative, and its communications aw well, always referring to best interests of the company, demands of the market, opportunities against and threats from the competition.

More granular or specific actions include inviting representative clients to discuss relevant needs, perceptions, and approaches; notifying two or three tribal leaders that they must "shape up or ship out" — and make good on promises by eliminating the most

problematic "troublemaker," not necessarily the one wielding the greatest power; a tribal focus or power center can also be disrupted through promotion or transfer to a new project, or office.

Finally, leaders and managers — and workers — must accept that politics remains inherent and inevitable in any group or organization, and that counterbalancing power centers and internal competition generally add vitality to work. Of course, excess leads to self-destruction.

4. One-Dimensionality

Jung introduced into the world of psychology a phrase originated during the Classical period by Heraclitus: *enantiodromia* — from the Greek *enantios* (opposite) and *dromos* (running course or flow), thus literally "running counter to" — to describe one of the most intriguing laws of Nature, the regulating function of opposites. As Heraclitus noted, "cold things warm, warm things cool, wet things dry, and parched things get wet" (fr. 126). In essence, the term acknowledges that any given thing eventually produces, or flows toward, its opposite: a self-regulating system, such as life, requires opposition, difference, resistance, to achieve equilibrium and vitality. In Jungian terms, the psyche transforms any repression or denial into its unconscious "shadow" or opposite, thereby manifesting it externally to bring it into consciousness.

Extrapolating from that principle, we can here identify a propensity toward imbalance within rigid or fixed systems — that is, a one-dimensionality that insists on the primacy of a particular strategy or formula: "do what's always been done."

On paper, in theory, the propensity to cling to and doggedly pursue strategies and operations of the past makes perfect sense, especially for a company finding its first success: discarding a proven formula seems like the height of nonsensical inefficiency.

If business success were only that straightforward.

Anything exceptionally successful results from multi-dimensionality. The inventor or artist finds no innovation in a centered, one-dimensional, sedate approach. “Average” across the board begets “average” result, not insight and innovations that breaks molds, surpasses standards, achieves breakthroughs.

Perhaps ironically, at least to our modern rationalist perspective, obsessive-compulsive excess adds the precise ingredients for creativity. Every successful entrepreneur embodies some kind of excess of vision or effort — too extreme, too radical, too stubborn. This paradoxical truth spirals from recognition that energy and vision directed in one direction inescapably generates response and insight in the opposite direction. Of course, we must also grasp the corollary truth that any boon resulting from a firm strategic direction and implementation may also lead us to mishap and misfortune. Which is to say that any object or task pursued with discipline and persistence yields not only the innovation and competitive edge we seek, but also sows seeds of disadvantage.

Any dominant vector involves its subsidiary vectors in opposing, compensatory directions: if a company embarks on a strategy of accelerated expansion, it often responds to its disrupted equilibrium by enacting a strategy of consolidation. Conversely, overemphasized consolidation pulls a company into self-absorption, miring it in routine, plunging it into entropy, and exacting chaos — thereby disrupting equilibrium and spurring a compensatory strategy of expansion. Think of this out-then-in motion as a kind

of Foucault's pendulum, or as a spiraling loop or infinity symbol like Bernoulli's *lemniscate*.

Innovation both disrupts and demands stability; high profitability demands cash flow; an expansive portfolio of offerings negatively impacts efficiency; market diversification requires greater focus on market penetration. A company's greatest quality equates with its major flaw, and vice versa. The factors that impel greatness can also drive disaster, and the talents and ambitions that foster growth in leaders and managers can also drag them down (as we see in the lives of so many public figures). A company that successfully exploits an advantage necessarily exposes itself to weaknesses implied by that advantage.

In other words, for each unit of effort applied to the right, an equal load generates to the left: a bold, messy, and creative entrepreneur drives business but cannot lead its administration; an effective, conservative, orderly, and consistent administrator organizes a company's systems yet smothers its performance in the market.

An interesting, beautiful, creepy, and mysterious paradox: the "great thing" tends toward one-dimensionality — a centered and moderate approach ill serves innovation; an "average" approach never breaks the mold.

As a species, humans indulge a propensity toward "normality." We prefer the conformity that wins security and approval. We want to belong, and settle for standard models of business, community, friendship, self. The imitation "gene" weaves through our minds and society: if we conform to the tribe, adopt its semblances and standards, we gain the tribe's acceptance and secure ourselves from isolation as a black sheep or persecution as a scapegoat. And yet our obsessive-compulsive excesses provide the fuel

and the means to break the bonds of the known to excel and create something new, perhaps even splendidly beneficial, for the environment. Every successful entrepreneur exhibits “too much” of something, some extreme radicalism or stubbornness, some intensity of vision that waxes from insistence to belligerence.

Think, for example, of Starbucks, the ubiquitous coffee shop.

For decades, coffee makers in super markets and diners and coffee houses offered the same standard cup of coffee (milk and sugar optional) in the same way at the same price with the same service — that same pot of coffee waits ready at any local Denny’s restaurant. And for decades no one made much money serving coffee; in fact, coffee worked as an amenity, a courtesy, to encourage selection from the profitable menu. During this period, the price of coffee fluctuated infrequently, and production became dominated by a handful of major companies working slender margins of profit and maneuvering to devour each other for slices of market share.

An intensity of vision that waxed from insistence to a kind of belligerence changed all that, in the person of Howard Schultz. Not a founder of Starbucks, Schultz joined the fledgling company as a Director of Marketing and, through intensive research not only in promotions but in sales, operations, and locations, drove Starbucks to international dominance of coffee production and sales.

And I write this at a Starbucks. Not because its storefront loomed before me (and a few blocks away, too): because, awake at not yet six o’clock in the morning, I knew that I would find an open Starbucks somewhere near (and a few blocks away, too).

A few days ago, while visiting a small Californian town of 3,000 inhabitants, I wrestled through a sleepless night, and decided to work instead of wrestle. At 4:30 a.m.,

the nearby Starbucks had already opened — and I met it like glory from heaven: a safe, familiar, well-lighted place to focus, find hospitality and refreshment, settle in. And I thought, "How extreme is the one who founded Starbucks?" Consider a storefront opening before dawn in a small village in the middle of mostly nowhere. Some joke: the staff's bustle greeted no cliché line of caffeine-hungry people. Yet here at 4:30 in the morning — as if it were 4:00 in the afternoon — a pair of young smiling blondes (the adjective "perky" rings miserably and cheerfully unavoidable) serve a few outdated guys looking for a cup of (finest quality) java and a haven.

From a business standpoint, none of this makes sense. Does it?

Consider: every line for a good or service — at the cinema, in a supermarket or shop, even that recording on the phone assuring the listener of the importance of the call — demonstrates a company making and, through volume, even saving money. And every empty corridor or open station or silent phone line demonstrates the opposite: a company losing and, through overhead, expending money.

Yet here (like glory from heaven) a Starbucks in a tiny town with few pre-dawn customers burns bright, ready to serve, music playing. And another a few blocks away, too. While hardly profitable for Starbucks from the standard business perspective, this strategy wins the company great wedges of the market, customer loyalty (or at least customer inertia, habit), brand recognition unto ubiquity, and a host of benefits best known by its marketing department. For instance, you may well be reading this at a Starbucks, at dawn or dusk or sometime between.

Of course, the citywide — and nationwide and international — expansion of Starbucks comes at a price. Business analysts and academics note regularly an erosion in

product and service quality, consistency, and uniformity, a diminishment in staff spirit and conscientiousness, an increase in challenges to managerial control and profitability.

Which reiterates our point that for each unit of effort applied to the right, an equal load generates to the left: expansion impels dilution, standardization blanches character. Within the opportunities generated by extreme decisions resides the potential for substantial cost.

For example, after its first several flushes of success Apple sought balance in the wake of the creative explosions embodied by founders Steve Wozniak and Steve Jobs. Flowing back the other way (that is, *running counter to* their initial strategies, the company's board hired successive chief executives — John Sculley and Gil Amelio — to bring order to the house. But while they organized the administrative side, neither could replicate the innovative brilliance and spirited style of Jobs, and the company reinstalled him as leader.

And then we have Lee Iacocca, the famous hero of automotive giant Chrysler who saved the company from bankruptcy, albeit through government loans and subsidies. Yet as soon as Iacocca inked his loan contracts, he funneled these resources into investment in diversifications including aeronautics and nearly led the company back to bankruptcy.

Flow and ebb. There and back. Innovative mastery gives way to one-dimensionality. Leadership segues to administrative management. Iridium (as we saw in Chapter 2) establishes unparalleled connectivity yet suffers from a fatal administrative inflexibility.

These benefits amidst risks and dangers amidst opportunities, these strengths amidst weaknesses and failings amidst successes, appear like *chipotes* in cartoon characters, dings and bumps that sprout from a crash or blow (often surrounded by spinning stars)

then disappear to sprout again elsewhere: China leads all markets as "the world's factory," and suffers a disruptive explosion of growth and environmental pollution. The United States leads the increasingly global economy, and leads the world in drug abuse and murder. Mexico achieved democracy, and its political class became a brake on development.

Like Foucault's pendulum or Bernoulli's *lemniscate*, any dominant vector involves its subsidiary vectors in opposing, compensatory directions: expansion versus consolidation, innovation versus stability, profitability versus liquidity, variety versus efficiency, market diversification versus penetration. At a strategic level, every positive advantage sows a seed of disadvantage.

5. Incrementalism

Incrementalism: that process of steps fulfilling the narrow goals of increasing sales while decreasing expenses; that same old "pruning" that too often leaves a company winnowed and shocked. This scenario revolves all options around productivity: maintaining performance with fewer resources, ramping up speed or strength in the market. And that scenario plays out in the choices of thousands of businesses around the world: repeating the same strategies and functions cycle after cycle, year after year, the greatest challenge being sell more and/or spend less.

As the prime mechanism for this task, the annual budget governs prospective activity through a tedious albeit simple ritual: raising sales growth by a certain percentage and/or deepening spending cuts by a certain percentage. The most common practice entails deferring end-of-the-year sales to January to ward against management increases in sales

targets, and expending all remnants of apportioned resources to avoid management rescinding allocations in the coming year.

Perhaps no one will object to our recognizing this roundabout approach as *Sisyphean.* As discussed in Chapter 2 of this study, Sisyphus was a monarch in Greek mythology who dared defy the gods, and thus received the infinitely reiterative punishment of rolling a monstrous boulder up a steep incline, ever forced to begin again as the rock toppled to the nadir just as it neared the peak. As his divine punishment brooks no change in the activity — boulder, hill, direction, result — Sisyphus must continue, endlessly, repetitively, futilely.

Not that annual budgets waste time and effort; they at least afford a moderate sense of certainty and control. But we must question the rigid thinking and assumption impelling this tedious ritual: the company performs well, yet may be tinkered into performing better. Hence each successive annual budget focuses on incremental variations against its predecessor. And hence the budgetary ritual enshrines the double reckoning that the company's strategies and functions work fine and will persist in their effectiveness even as management shaves away "costs" against (and toward amplifying) profits. That is: sell more, spend less. As such, the company reduces its operative challenges (and thus itself) from innovation and expansion to preservation and consolidation. As revenue-versus-cost accounting trumps market analysis and strategy, so does urgency trump contingency, analytical extrapolation trumps innovative imagination, continuity as security and inhibition trumps discontinuity as flexibility and responsiveness.

Which is to say that *how* (rolling a rock up the Sisyphean hill, let us say) trumps *what* (setting a rock atop the hill, and resolving the Sisyphean trial).

By design, the merely accounting organization ties itself to objectives built on incremental variations against previous years and closes itself to goals intent on emergent opportunities. In measuring its entire operation in such manner, business management — complex and imprecise in its very nature — becomes oversimplified to a fault, and the company's competitive advantage wastes away, expended on repetition of former results rather than on competition to achieve further results.

Cleaving to its process of variant accounting, a company disallows itself time or means for ascertaining the *why* and *what* of its formative successes, until that success falters. Thus a successful company approaches a pinnacle of consistent growth, yet in an obsessive effort to sustain it through winnowing costs leaves no avenue for innovation and expanded growth. Trapped in operational efficiency (rolling that rock up hill), it forsakes strategic effectiveness (innovative means and avenues of setting that rock atop that hill, and sustaining it there).

Efficiency acquired an elegant patina when someone dubbed it *productivity*. But in the end, the principle remains: maximizing output per certain input. While productivity as a notion persists as a relevant — but not determinant — metric of competitiveness, it amounts to debating total quality, re-engineering, or economies of scale: valuable concepts all, but hardly the ingredients of competitiveness, of a competitive edge. In contrast, *strategic effectiveness* focuses on qualitative data, market differentiation, sophisticated segmentation: on creating complex value propositions orchestrated responsively (looking back to former successes) yet delivered decisively (looking forward to future opportunities and markets).

Can a company forestall incrementalism? Yes, by exploiting it.

Entrenched as the practice is within the conceptual culture of most any company, incrementalism serves management best as leverage to unleash an organizational tide of creativity. That is, as a prime — and hallowed — mechanism, the budget serves as the best place for implementing innovative thinking and practices: allocate an amount for, say, strategic experiments with a quest-for-opportunities ethos. To the extent that a company assimilates the value of innovation and discontinuity as *flexibility*, its projects may expand to involve greater investment, complexity, timeframe, and results. Coupled with an allocating budget as organizational mechanism, new metrics emerge (or existing ones evolve), such as: percentages on "strategic project" sales; number of effectively implemented innovation processes; number of projects generating viable prototypes; number of viable innovative products, services, and processes; percentages on "new initiative" sales; profitability of new initiatives.

Of course, methods of personnel assessment also change, as do variables for determining compensation. And the staff profile of a flexible company undergoes eventual modification as with, at the very least, the mix of executive managers (preservation and consolidation) to creative leaders (innovation and expansion).

Traversing this inclined road to discontinuity and innovation (the peak, let us say, of the Sisyphean hill), a company's core strategy revitalizes as its systems reconfigure and return to bountiful harvests. By opening its systems, the flexible company realizes multiple avenues of action (many paths up the incline, let us say), expanded strategic possibilities and scenarios. Further, in challenging its central value proposition, the company faces rather than endures threats, neither few nor small, to its market position.

Perhaps most managers find this proposition of flexible discontinuity more than uncomfortable, and soon retreat to business by budgetary variation. Yet the geniuses like Steve Jobs, the true leaders, ride with the uncertainty and inconvenience, face their limitations, and plunge into risk and innovation.

That's not a job assignment about the same old pruning, the same old strategies and functions, cycle after cycle. That's not an executive position about being the best of the worst. That's an entrepreneurial mission about finding distinction, originality, and — with luck — uniqueness.

6. Denial

Denial — from the Latin *denegare*, a rejecting or refusing — denotes "unconscious suppression of painful or embarrassing feelings," as first attested in A.A. Brill's 1914 translation of Freud's *Psychopathology of Everyday Life*. Denial, that place where bad things happen to or derive from others rather than oneself, declares, "Absolutely not! I'd never do that. That's not me."

How fascinating to witness someone categorically deny something blatantly obvious to everyone else. And yet, paradoxically, individuals defend themselves from acknowledged behavior or desire in proportion to pressures to disclose, because allowing the possibility, or the idea itself, into consciousness threatens the ego's image of itself.

Freud applied the term "defense mechanisms" to the host of strategies forming protective behaviors against denied or unconscious thoughts and feelings that generate anxiety, guilt, or other unpleasant sensations. Among the most familiar mechanisms are repression, denial, rationalization, and projection.

Repression repels a desire or drive by preventing it from entering consciousness. Yet this common process of "stashing it away" or "stuffing it" never dissipates the energy of denied desires or drives. On the contrary, Freud's estranged disciple Jung argued that psychic charges transform rather than disappear:

> …the principle of equivalence means that for each unit of energy expended or consumed in a psychological content, an equal amount of the same or a different type of energy will appear in another. While the principle of constancy means that the sum of energy remains constant and is not susceptible to increasing or decreasing. (*CW* 8: 18, para. 34)

When individuals encounter an event or occurrence that impels a repressed desire or drive to emerge from the unconscious into conscious awareness, they often feel compelled to disavow rather than to confront or "own it." Such insistence that, "On no account is this mine!" comes fraught, typically, with emotional outrage: "How can you believe me capable of this?" Such is denial.

Intent on denying or hiding true motivations through excuses or elaborate explanations, usually *a posteriori*, such individuals attempt to thwart emergent desires and feelings with a kind of self-justifying "logic" we recognize as rationalization.

The act or process of shifting repressed desires or feelings onto someone else to perceive and declare them as "theirs" rather than "ours" constitutes projection. A vivid form of mirroring, projection actually reveals our unacknowledged repressions — if we choose to confront or "own" them. Perhaps the best means of identifying unconscious projections entails observing and heeding events or occurrences that arouse intense feelings, especially loathing or fascination.

These mechanisms play through companies and organizations via the people making strategic, administrative, and organizational decisions. A successful company requires

leaders and managers with sophisticated inter- and intrapersonal skills. J. Luft and H. Ingham described such skills in terms of the Johari window, a foursquare plan of qualities or dimensions:

- the arena — information known to self and known to others
- the blind spot — information unknown to self yet known to others
- the façade — information known to self yet unknown to others
- the unknown — information unknown to self and unknown to others

Thus we may appreciate the utter relevance for companies as well as individuals of such concepts and skills as introspection, reflection, self-questioning, and the ability to function amid self-doubt, ambiguity, ambivalence, and anxiety. Tormented executives incapable of or unwilling to deal with their psychic drives, or intent on repressing them, expire quickly — often spectacularly — in the business world. An executive out of touch with himself may lead a company to success during good times, yet proves unable to adapt to new phases and changing circumstances. When an inner personal battle rages so fiercely that denial and its tactics no loner prevail, it explodes into an external battle that enervates and disables its immediate environment, especially in the business world.

Any company embodies the operative state of its leaders' psyches. Confident, congruent, gung-ho leaders task themselves with competing globally, and cultivate an irreverence necessary to giving competitors the world over a run for their money. Repressed, avoidant, meek leaders living in denial entrench themselves in their headquarter thrones, and cultivate anxieties adept at dictating orders toward defending territory and assets in the throes of diminishment.

Chapter 4 | Business Dynamics, Momentum, Stages, and Organizational Psychic Energy

A. *Complex Systems Approach: The Myth of Agency*

The second chapter of this study discussed problems with business theory, introduced representative myths relevant to business practices, and described tendencies to search for a "right" way to manage business and the resultant how-to industry: how to be successful, how to create winning strategies, how to balance innovation and administration. The third chapter described the modern business zeitgeist and its origins as a byproduct of the establishment of scientific method and the consequent mechanistic, left-brained fragmentation of the Industrial Revolution.

This fourth chapter posits other dynamics that impact the success or failure of a business, usually unknowingly, and suggests the necessity of a more complex systems approach to understanding business organizations, administration, and decision-making.

Rather than focusing on tactics or concepts *du jour*, this chapter emphasizes persistent dynamics of systems, processes, and mechanisms that drive success and failure. Rather than presenting a five- or ten-step formula or model, rather than offering a how-to manual of success, our purport centers on and accounts for patterns and business cycles — including self-organizing, bottom-up, and *exo-management* (beyond the reach or influence of managers) movements and forces — as the predominant determinants of building a successful business.

1. *Mito de Gestión*: The Myth of Management

First, some beliefs about business that frame our perspective and attain the level of mythic importance.

We believe that our business depends on us, when many good businesses survive and thrive despite us.

We believe that we manage our organizations, when our organizations manage us — as when we arrive at the office and ask our secretary, “What needs to be done?” or when an inertia grips our business with such gravity that we work in vain to shift it.

We believe that our decisions play a crucial role, when their impact depends on a complex amalgam of variables that sometimes renders decisions irrelevant — as in the eternal gap between strategy articulated and strategy implemented.

We believe that success or failure emerge entirely from our choices and actions, and deny the role of chance (that is, of “luck”) — as when executives from IBM approached Bill Gates decades ago and asked him twice (because he refused them at first) to provide the operating system for their computers.

We believe that operational efficiency suffices, as if performance remains an absolute and a company enjoys immunity from the performance of other companies — as when K-Mart improved operating ratios year after year yet floundered against Wal-Mart.

We believe that a great product innovation suffices to spur market interest and demand — as in the cases of the Iridium satellite phone; the home-based videophone (a technology available for decades, yet only now making inroads with the advent of “facetime” for cell phones); the supersonic Concorde jetliner; in other words: as in the fact that 90 percent of new product and service launches end up in the cemetery.

Which is to say that the complexity of interacting business ecosystems generates difficult-to-isolate combinations of variables and degrees of influence. Hence, the significant difficulty, and crucial necessity, of diagnosing and detecting opportunities, a

task made still more complicated in the hands of leaders and managers driven by — rather than mindful of — their individual biases, complexes and unconscious habitual behaviors.

As Leonard Mlodinow cites different authors in *Subliminal: How your mind rules your behavior*; for instance, most everyone considers themselves more generous and competent than their behaviors demonstrate (Rangel, Gorski). Our self-concepts tend to exaggerate our strengths, minimize our weaknesses, and create distortions. Similarly, we lend more credence to our likes, and disqualify our dislikes, often regardless of their comparative veracity. Where emotional investment persists — as it must with any business we launch or manage — objectivity sleeps: we reflexively inject our dreams, desires, and frustrations into decisions. As leaders and managers, we congratulate ourselves when things go well, and blame external factors when things go wrong.

Such examples continue infinitely, yet the point is made: we overestimate yet rely upon a response industry of academics who never operated a company, consultants who never launched a business, celebrated entrepreneurs unaware of the reasons for their success, reporters and commentators who never risked capital, and researchers who never experience the environment of the street.

Not that analysis, commentary, manuals, and seminars serve no purpose. But the supposed Holy Grail or golden key remains elusive, if not false, and our belief in absolute authorship of success, or in any sole reason for success, misleads us. Further, our devotion to a guru or fanatical adherents of some purportedly comprehensive idea confuses us and limits our vision, usually to a dangerous degree. And as we over-esteem

and overestimate management theories, so we overestimate the conscious mind and concrete thinking and underestimate subconscious drives and abstract thinking.

Without the latter, without a systems and complexity approach, a company typically focuses on redirecting and redesigning in reaction to symptoms rather than in response to systemic problems of perception, function, or operation. Thus, the company wastes organizational outlay (expenses and "bandwidth" of change) deployed to mitigate symptoms, and these reactions themselves generate new problems that, in turn, require adjustment. Nonetheless, the company's systemic problems persist, enlarge, remain endogenous. A downward spiral begins, swiftly taking on the dimensions of an unnavigable maze.

If this dynamic sounds complicated, it pales in comparison to everyday operational and political happenings within an organization. Yet it explains how good businesses prosper under bad managers and how poor businesses survive under good managers. Thus, we must seek clarity before justification; observe humility toward the market, disbelieving our certainty that we decoded it (or that its codes remain fixed); respect our competitors and never disqualify them; remain wary of obsolescence, and of dogma; love experimentation and continual learning.

2. *Recetas*: Recipes

Our society drives itself on mass consumption, instant gratification, and a formula (a pill) for everything: losing weight, allowing sleep, increasing energy, achieving erection, promoting digestion, avoiding pregnancy, improving memory, decreasing pain, reducing anxiety, relieving depression, improving skin — and so on endlessly.

Yet since a pill assuring business success remains elusive, we consult gurus, books, magazines, courses, seminars. And like all magic formulas and pills, these must be ingested with due suspicion.

The "recipe industry," as I call it, comprises teachers, writers, consultants, commentators underpinned by an overwhelming number of business schools offering degrees, postgraduate courses, and executive education. While recognizing and incorporating, with a certain reverence, emergent concepts critiquing and reworking the ways of business management, the recipe industry embodies worrisome trends.

For instance, many researchers and commentators select a handful of successful companies — Apple for the moment serving as the exemplary choice — and deconstruct them, analyzing them for "key elements" of success. Then researchers anoint these elements with clever and elevated names to serve their true purpose: validating their theoretical "discoveries" as common to all successful companies.

Something of a similar syndrome plays out at vaunted Harvard University. We all recognize that Harvard *produces* exceptional professionals, universal leaders, bold innovators, and the best of the best in the business world. Or is it that Harvard only *accepts* exceptional students, universal leaders, bold innovators, and the best of the best? Or a mix of accepting and *cultivating* the best? A survey of Harvard graduates suggests not two or twelve common characteristics but hundreds or even thousands, depending on the taxonomy and the variables of the survey.

Analysis of companies operates in much the same manner. And the list of companies rating deconstruction and serving as theoretical "proofs" remains short and repetitive. My online search of articles in HBR (*Harvard Business Review*) revealed that about 50

percent of the work published since 1922 mentions at least one of the following companies: IBM, General Electric, Dell, Wal-Mart, Southwest Airlines. These five companies produced 304,000 results in the nearly 2,000 articles heretofore published in HBR. Could it be that advanced business knowledge derives from only five exemplary companies? Or from 10? An unvarying sample may yield consistent results, principles to tout in validation of the latest new theory, yet also limits perspective, insight, possibilities.

To analyze, retrospectively, one or five companies, apply a pet theory to their examples, and set them within a self-referential matrix as a means of explaining or defining universal principles of success or failure strikes any thoughtful researcher as reckless, almost speculative. Think of studying the lives of Winston Churchill, pop star Shakira, Albert Einstein, Leonardo da Vinci, Sir Isaac Newton, Nelson Mandela, and Virginia Woolf, somehow extracting common factors, publishing these factors as identifiable universals, and encouraging people to model them. Perhaps paradoxically (yet perhaps altogether *naturally*), the most common factor among these figures appears self-evident: their unique originality.

If models of success provide no viable recipes, perhaps none exist. Inspirational success stories hold and offer great power, including their capacity to activate imagination and possibility. And even conceptual formats and principles derived from their analysis may accrue to a critical mass of skill and insight when opportunity presents. But such models and principles and recipes amount to resources rather than commandments: they suggest ingredients rather than prepare the meal.

Every company changes daily. Context, people, culture, competition, and market environment: everything shifts, sometimes within a day. Beware the fanatic adherents to a given theory or set of principles, especially in the business world, those whose excitement about an author, an idea, a scheme, actually hides — masks or denies — anxiety or insufficiency, and in that hiding disguises uncertainty, and deflects the natural stress accompanying personal, professional, and business life. Yet artificially, and only temporarily.

That said, this study imparts my interpretations of successful companies and their most effective strategies. Thus, while my work serves as another contribution to the recipe industry, my observations must rest not in criticism but in critique, not in deconstruction but in analysis, less in "proving" a theory of applicable keys to success than in identifying principles of approach for devising one's own keys. Of course, this analytical approach acquires meaning and life only when a reader finds resonance and relevance within its findings and suggestions. Any ideas, and those here, find "divine breath" only in meeting an apt and receptive context, moment, innovator. Thus, relevance derives from the reader, not the writer; the student, not the teacher; the listener, not the speaker. From this perspective, writing and reading conjoin in a process of co-creation — just as business principles find their relative contextual, momentary, applicable value not as commandments in an expert's book but as experiments in a leader's or manager's experience. The power of any idea rests dormant, its life mere latency, until activated by the energy of an active reader, an innovative actor, an individual set on applying and manifesting ideas in experience. And any recipe offers only one idea for success: there

are many ways to build a raft. Thus we must, as an imperative, remain wary of the recipe industry that repeatedly promises a company's transformation or salvation.

3. The Illusion of Unique Reason

Among the most consistent fantasies in the business world stands the Illusion of Unique Reason (IUR). This illusion forms under the belief that within the world of business ideas and at the heart of its best practices resides the one right way, the precise theory, the detailed methodology for success. Phil Rosenzweig of Switzerland's IMEDE Business School describes several components of this illusion, or *delusion*, of the business world, deriving the title of his book from the most notorious: The Halo Effect, "a natural human tendency," in Rosenzweig's words, "to make attributions based on cues that we think are reliable." He continues:

> Most people don't recognize good leadership when they see it unless they also have clues about company performance from other things that can be assessed more clearly — namely, financial performance.

In other words, Rosenzweig refutes the notion that companies can "become great" by following blueprints purportedly offering schematics of the successes of other companies: "Success at one moment doesn't ensure success in the next moment".

Naturally, executives seek the business equivalent of the Holy Grail, yet in this quest they too often elevate the latest as detailing the best template, the most recent seminar as describing the missing formula, the just-seen lecturer as dispensing the exact prescription.

The *recipe du jour* emerges as companies move from one hottest management theory to the next. For a time, all executives swear by benchmarking, comparing their performance to a previous standard, though that approach tends to impel copycatting another company's operations. At another moment, managers emphasize Total Quality,

requiring full commitment to highest standards by all staff, though the essentially universal adoption of that approach offers few competitive advantages. The ascendancy of "Reengineering" impelled leaders and managers tasked with examining and redesigning the processes and operations of their companies to "reinvent" or restructure it into efficiency and vigor, though that focus minimizes growth by directing vigor internally, administratively. And Porter's Five Forces Model insisted that companies analyze their competition for exploitable weaknesses as the basis for strategic action, though as an obviously essential element of business planning the concept as such sounds self-evident, even archaic. Further, each of these emergent approaches suffer from two typical failings: their inflated reception and further inflation in application, and their basis in analysis and theory rather than in experience: many authors expound on practices they have themselves never implemented, on businesses they have never launched nor operated.

Can we wonder, then, that so-called "model" businesses — as ballyhooed in such formerly exalted books as *In Search of Excellence, Built to Last,* and *Good to Great,* or as celebrated with such retrospective recognitions as the Malcolm Baldridge National Quality Award, or validated with such elective certifications as the International Organization for Standardization (ISO) 9000 — demonstrate not "blueprints to success" but variable formulas for episodes of market robustness that often fade into corporate intensive care or the cemetery? Again, this observation argues not the uselessness of books and blueprints and templates and lectures, but their provisional, temporal, inflated nature.

The Illusion of Unique Reason starts from the premise that a company's decisions and actions afford the best measure of their success or failure, as if performance alone trumps all other factors. Yet in a world of hyper-competition performance, one company's performance always affects another's. That is, performance affords a relative measure that fails to account for environmental changes in the market such as consumer behavior, resource costs, money supply. Most companies can implement effective strategies yet still falter behind more agile (and more lucky) competition — as happened with K Mart against Wal-Mart, with Nokia and Blackberry upon arrival of smartphones. Emphasizing a company's management decisions and strategies, overestimating the actions of executives, the IUR underestimates external phenomena, business environments, and market behaviors, in part through a quintet of identifiable elements:

- Its predominant focus on scientific method, as defined by control of variables, static environment, and reproducibility of results — protocols virtually impossible in a business environment, where innumerable variables interact with endless dynamism.

- Its emphasis on analysis and neglect of synthesis. Results (as well as goods and services) derive from a process of amalgamating elements, not from ingredients themselves.

- Its privileging of management (administration, operation, consolidation) over leadership (innovation, exploration, experimentation). A company's agenda expresses fundamentally different methods and goals in proportion to its focus on efficiency (doing things right) or effectiveness (doing the right things).

- Its habitual mismatch between actions and consequences, thus ignoring the common fact that old decisions can generate years of results positive or negative.

- Its demand for accelerated dynamics. While any decision requires time for implementation and for impact, organizations under the insistence of this delusion allow themselves only limited "bandwidth" (*ancho de banda*) and timeframe to launch and sustain initiatives.

Jung posits the downside of our modern inclination for a comprehensive scientific approach to and explanation for everything:

> The much needed broadening of the mind by science has only replaced medieval one-sidedness — namely, the age-old unconsciousness which once predominated and has gradually become defunctive — by a new one-sidedness, the overvaluation of "scientifically" attested views. These each and all relate to knowledge of the external object and in a chronically one-sided way, so that nowadays the backwardness of psychic development in general and of self-knowledge in particular has become one of the most pressing contemporary problems. (*CW* 9ii: 220, para. 487)

The business world exhibits behavior more irrational and fantastical than most people involved with it care to recognize. Hard factual data, logic, and metrics yield impressive information, yet none of it ever sufficiently extensive or comprehensive. Entrepreneurs and executives, regardless of academic background or years of experience or degrees of success, make mistakes, indulge impulse, fall readily into biases and denial. Every leader and manager institutes specific short-term, quantifiable goals for attainment every quarter. With pressure applied to productivity — the imperative to make more with less — the modern company assigns resources and attention to activities that in many cases sacrifice the future for the present, the abstract implication for the concrete result, the long-term sources of wealth for short-term acquisition of wealth itself.

4. Understanding Momentum

Any company enjoys no greater achievement than when its value proposition finds a gap in the market and seizes it. Once established in form (brand presence) and substance (valuable goods and services), and especially in timing (opportunity and opportune moment), a business becomes somewhat unstoppable. When these factors connect to

achieve a fit between the character of a company and the requirements of the market, a good streak — or a good dose of luck — takes charge and builds *momentum*.

As understood in physics and biology, so in business: momentum denotes an exceptionally robust organic entity that feeds itself and thus thrives in its environment.

Finding that *sweet spot* of thriving robust energy often requires luck, as when IBM executives approached Bill Gates decades ago and asked him twice (because he refused them at first) to provide the operating system for their computers. This instance demonstrates that seizing opportunity and generating demand, and sales and growth, derives not necessarily by design but often arises from circumstance. Hence, leaders and managers must cultivate an ability to *detect* or *recognize* existing market energies and capitalize upon them — an analytical and intuitive skill often more important for a businessman or company than structural operations and effective strategy. Think of the surfer canny at identifying the apt wave at the apt moment to approach it and mount it and ride it.

An eternal debate revolves around the question of agency: are successes built on the basis of strategic decisions or on a process of chaotic exploration and discovery? You could call that an argument between determinism by strategy and determinism by market trend. For example, many unlikely products find success while just as many wonderful products, even ratified by market research, fail (some miserably). Among the most unlikely, even improbable, successes would be Starbucks' four-dollar "specialty" cups of coffee, the lovable Pet Rock (a nicely packaged stone with a cute story), CNN's 24-hour news-only channel, and Sony's renowned Walkman (the first portable music player, and grandfather to Apple's iPod).

With these examples in mind, we may recognize that the principle task and signal achievement of a business entrepreneur or director entails recognition and exploitation of an opportunity. Think of Sony recognizing the advent of the handy audiocassette (less sophisticated in sound yet much more portable than the fondly remembered eight-track tape), and exploiting that opportunity with a player and headphones worn on the belt or waistband. Of course, our mechanistic, ego-centered, technical world bristles at the notion that actual luck — the right place at the right time with the right idea — often proves as consequential as intended, conscious effort.

Success and failure result from the effect and degree of an opportunity exploited as well as rather capricious changes in the market, in public taste, in new or more readily available resources. As Victor Hugo averred, “Nothing can stop an idea whose time has come.” A company riding the crest of an innovative idea or approach makes its fortune somewhat irrespective of its administrative or management practices. A business with momentum can weather a great number of erroneous decisions on inertia alone. In such instances, a business, as a country, can enjoy such good performance that its managers take credit for events and results they cannot explain, let alone claim as a product of their own creation or merit. Conversely, a business without momentum struggles to shine even under the best of management.

If we view a company as a racehorse, we can understand its manager as its hard-riding jockey. The best circumstance matches exceptional horse to exceptional rider, as the worst circumstance sets mediocre horse with mediocre rider. Both circumstances make for noteworthy races, exciting tales of epic success or epic failure. More often, an exceptional horse or rider works with a competent rider or horse. This horseracing

metaphor illustrates our point that business agency (that is, management) functions somewhat independently from the "chemistry" between a value proposition and its market. That is, *a poorly managed (badly ridden) excellent business (a thoroughbred) excels a well-managed (expertly ridden) inept business (a shaggy mare).*

To emphasize: a good rider (our exceptional entrepreneur or manager) guides his horse (the company in his charge) to success through a combination of requisite attributes and skills applied to emerging opportunities and environments; a poor rider (an indifferent or one-sided leader) rides to success or failure through the uniqueness and determination of his horse weathering opportunities and environments as best it can.

Success in a short spurt or in a long streak arrives, usually, when a company exploits a market niche with little or no competition. Such a well-positioned business can tolerate errors in practices and decisions for years — as long as its market need persists, or no robust competitor enters the same niche. A streak of good performance must impel a company not to complacency but to activity, such as establishing a strategic intent that identifies growth potential, strengthens supportive initiatives, injects resources and talent, toward sustaining its streak with expanded presence and reach and further goods and services.

A robust company requires less emphasis on exemplary management. In fact, too often a company well-situated with its customers, positioned in the right place at the right time, can afford to waste resources. Such a company's goods and services "sell themselves," inspire customer loyalty well beyond interest (indeed, appear to "choose the customer"). Such a company considers itself *lucky.* Finding and cultivating a good horse, a thoroughbred, may represent the most important and ultimate task of a company and its

leaders, just as for a horserace entrepreneur. Think of Apple at the time of Steve Jobs' death, facebook at its peak around 2013 (its user peak), the current rise of messaging services Instagram and Snapchat. These demonstrate instances of momentum.

By contrast, such racehorses as Nokia, Blackberry, and Sears lost momentum and seem incapable of retrieving it. When a business becomes irrelevant — think of typewriters and type compositors, vinyl records and eight-track tapes, or analogical televisions — its leaders find dismissal irrespective of their skill and grace in managing their unsustainable position. Of course, as discussed, the optimal scenario finds an excellent business managed by excellent leaders. Yet our point encompasses two more common variations: excellent management often flees a poor business in pursuit of an excellent company, and yet even excellent management often ignores or dismisses the failing viability of its company. After all, simply closing down shop and moving on defines the epitome of failure. That said, one clear implication asserts itself strongly: the more effort required to sustain a business, the more organizational wear required for a company to achieve its sales share and profitability, the more publicity required to achieve presence in the market, the greater decrease in marketing margin, the less momentum generated and sustained and enjoyed by the enterprise.

I am surprised and frequently disturbed when I encounter companies riding momentum without the slightest idea of the chemistry between value proposition and target market. When its sales run high and operations run smooth, such a company relaxes its energy and attention and provides little investment toward reinforcing factors that nurtured its growth — if it recognizes those factors in the first place. Thus, the spurt or streak of success ends, starved of fuel.

Success, in other words, too often begets comfort, arrogance, and complacency, which in turn dissipate focus. Then, inevitably, faced with market changes, competitive assaults, or internal disruptions, a company sounds its fire alarms and sets its already dissipated energy and attention to its loss of momentum — that is, to the emergent symptom, a further distraction from causative factors. In such an atmosphere of diminished momentum and distracted and misdirected attention, leaders and managers attempt any number of solutions. Yet the typical administrative approach overvalues symptoms and underrates, if at all recognizing, causes. Then as symptoms persist or expand, they impel a reflexive scapegoating often manifest as "restructuring": staff reduction, departments merged or abandoned, branch offices and low performing outlets closed, investment in resources and projects reduced or retracted, marketing efforts trimmed from outreach to maintenance.

As this study demonstrates and insists, a streak of good performance must impel a company not to complacency but to activity. Tragedy ensues for the company that neglects to catalyze or leverage momentum, whether by resting on its first laurels and simply riding its success or, more commonly, assigning its best talent to maintenance or reactive address to emergent symptoms rather than to capitalizing on success through well-defined strategic intent. In times of crisis, apparent or illusory, our natural tendencies indicate focusing resources on defensive consolidation, thus neglecting offensive action. An exceptional company accumulates energy from its successes toward further acceleration: expansion of presence and reach through continued innovation in goods or marketing, or through diversification (given a robust administrative capacity and market vision). In other words, an exceptional company cultivates its capacity and ability

to identify contributive factors to its success — the "what" and "where" of its good fortune — and invests further resources with strategic intent.

While our six *cardinal* sins of successful business help us identify pitfalls and responses to success, their aggregation defines *the greatest sin in business*: achieving momentum yet losing it through failure to either capitalize on it or to recognize it as an energy or atmosphere or *presence* flowing through a company. For when external factors contributing to momentum wither, they leave leaders and managers to internal factors for fostering or rekindling momentum — if management grasps some recognition of the momentum enjoyed, some sense of the qualities of their goods and services that spurred momentum, and some clear strategic intent to further momentum.

Momentum spurs growth without much effort. A company generating and enjoying momentum requires no extraordinary effort to sell or advertise (customers flock to effective and/or reputable goods or services), and its operational margin decreases as its market presence grows.

B. *Traps of Institutionalization*

For better and for worse, businesses become and serve as projections of their CEOs. As if a company were a work of art, its organizational culture and administrative genetic code reflect and express the propensities and styles of its leaders. A CEO with an entrepreneurial profile exudes and inspires innovation, while tending to eventual inefficiency and loss of focus. A CEO with an administrative profile emphasizes and insists upon structural and operational efficiency, while tending to eventual inflexibility and loss of market rapport.

With the commencement of operations, a company and its founder face a number of challenges with pitfalls and, indeed, traps, as outlined in this section.

1. *Trampa del Fundador*: Founder's Trap

The founder of a company *is* the company, initially. But growth demands administration, and sustained growth requires institutional decision-making, professional control systems, metrical analysis for optimal efficiency, and continual definition of criteria for resource allocation. Many a company, perhaps most, falters when its founder fails to recognize that administrative support systems, not one individual, must serve as the organizational locus. Robust companies require cognition models, and elaborate analysis and synthesis, to sustain operations and growth, yet the typical founder insists on a kind of auto-repeat, that old failing of persisting in past patterns without flexing into new opportunities or circumstances. Both the institutional administration of an innovative idea and the personal recalcitrance of its innovative founder can trap a company in a downward spiral away from success, as we here detail in five further common ways.

2. The Trap of Age

As the innovative founder ages, his energy and ambition and that of his company diminish, and the operative vision distorts accordingly. A founder at the age of 30 who thinks in medium- and long-term objectives differs materially from that founder at the age of 60 who contemplates retirement. And this consideration quite apart from the successful interval of 30 years that grows the company from its initial scale into a complex family of personnel and operations expanding and multiplying the business

agenda. With the advent of a second generation of leaders and managers, the company's governance challenges and power struggles increase.

Such tensions of expansion and transition distract the company from both its external markets and its internal administration, and typically manifests a culture of managers manipulating the founder as sycophants ("the founder knows best") or insubordinates ("the founder doesn't understand the business anymore"). In both instances, timely decisions regarding markets, suppliers, customers, and competition, must filter through the founder intent on retaining control.

3. The Trap of Excessive Focus or Defocus

The innovative founder can turn stubborn or bored. Just as some founders cannot — or do not want to, or do not know how to — alter their business model, some founders neglect their business model to chase opportunities for the sake of "doing something different" such as introducing a new product line, buying another company, assuming manufacture of items heretofore only distributed.

Apart from the delicate and often momentous adjustments requisite to acquiring another company or assuming manufacture of goods, simply introducing a new product line can disrupt a company in both its momentum and its administration. Indeed, plans to capitalize on an established distribution channel invite "the kiss of death." The opportunity and logic seem obvious enough: "Since we already sell one product, why not add another, or a whole line?" Perhaps the complexity and risk seem obvious: addition of a product line entails expansions of supply chain and promotional efforts, requires accessible liquid cash, increases scale of operation and administration. Thus, building upon success concentrically, as a progressive expansion, trumps racing forward linearly

or tangentially, as a sudden excessive expansion, as it allows a company to develop skills, adjust administration as well as service and maintenance, devise packaging, assure technical qualifications for the new line.

And the challenge of sales remains. While a company's sales force responds to offering a new product, usually in a "new way," it faces customer resistance to more product and customer adherence to the "old way" — that is, habit prevails with a clearly defined company with well-established systems and patterns of interaction. Without momentum, a company fails in introducing its new product not because of a market problem but because of organizational habit.

4. The Trap of Expansion and Growth

Any organization can grow at an adequate pace but in an inappropriate direction (as when expansion proves unprofitable), just as it can grow in an appropriate direction but at an inadequate pace (as when a flexible rival overtakes and displaces a company's market position). Or both an inappropriate direction and an inadequate pace may prevail.

The same obtains in considering variables of geography and scale. A regional company seeks national or international growth, yet such growth requires particular skills, different skills than regional manufacture and expansion. Especially when decision-making remains centralized in the founder's office, growth risks stability and profitability for lack of flexibility. Further, the constraining founder, intent on retaining control by "doing it all" and neglecting delegation, risks dilution and exhaustion, of both himself and his staff. As such the founder becomes the unconscious executioner of his own business, "loving" it into its grave.

5. The Trap of The Surfer

No one can predict whether a new product or service finds success. Neither infinite hours of research nor a respectable level of expertise, nor even the most wise, long-bearded marketing guru, can predict demand. Acceptance and success rests with the market, and the market is as mysterious as the human psyche, a fascinating and complex collective almost impossible to decipher. And yet every businessman strives for his own kind of "Bieber Fever," the adoring mania surrounding pop sensation Justin Beiber, and yearns for a *non plus ultra* desire for his particular products or services, aims at introducing an innovation worthy of the nation's front pages and able to sweep the market — as did Apple's iPhone. Hence the entrepreneurial obsession with such companies as Google and Facebook, Amazon and Apple, and thus the academic fascination with such iconic businessmen as Google's Larry Page and Sergey Brin, Facebook's Mark Zuckerberg, Amazon's Jeff Bezos, and, perhaps especially, Apple's Steve Jobs.

The business world spends billions of dollars conceptualizing strategies, formats, and tactics, segmenting the market into a myriad of niches, producing attractive promotional campaigns, packaging deals, developing sales and distribution networks and other channels, all with the notion of *getting it right* and achieving good *proposal-demand chemistry* with the market. And when that notion prevails, suddenly, with luck, and when the moment and message align, a proposal meets a need, and demand seeds success.

According to *Forbes*, statistics demonstrate that the majority of start-up companies fail, as do most product launches, a failure rate as high as 90 percent, depending on the evaluating source. While our natural optimistic assumption holds that with diligence, discipline, and — especially — effort we reap eventual success, such hope bows to hard

experience that for every someone who aced a *lucky* shot many others proverbially *work their asses off* and consider themselves *lucky* to tread water (assuming they can hang on).

Unfortunately, effort guarantees nothing — a simple truth hard for entrepreneurs to believe and digest. Perhaps because of our enterprising Judeo-Christian ethics and education, as well as our cultural privileging of scientific method and its illusion of control, we hope and even assume that effort affords return, we will get back what we put in. Indeed, this belief spurs us to "working hard" and "getting busy," to filling our days with abundant activity and hyper-stimulation toward generating just enough anxious impetus to propel us forward and impel our engagement.

And, yes, I share that ubiquitous assumption: that diligent effort, intensive discipline, and scrupulous professionalism increases the likelihood of success. But doing in itself constitutes no tangible achievement, and effort ("trying") assures no success ("accomplishing"). As wizened Yoda said in *Star Wars: The Empire Strikes Back*, coining a cultural meme: "Do or do not. There is no try." Or, we may say, *trying* affords no success while *doing* courts success.

That said, a *higher* authority than effort prevails: the market, the amalgam of context, customers, and competition that determine the ultimate relevance of the value proposition of any entrepreneur or company.

In fact, "working hard" and filling time with appointments, calls, conferences, meetings, often wraps us in infinite and irrelevant tasks. Over-stimulated with a bombardment of "to-do" lists, and stretched by our circle of friends, colleagues, consultants, customers, suppliers, managers, employees, we watch our time and space for reflection, for innovative consideration, literally evaporate. Interspersed between intensive work sessions,

the surcease of effort too often dismissed as "idleness" provides moment — time and space — for creation and innovation, and affords that distance necessary to appreciating the "forest" of cumulative accomplishment accrued from the "trees" of individual tasks. Further, unreflected activity cultivates rote repetition, inertia in approaches and practices, redundancy of perception and thought, and insularity of perspective towards the market. Too often, the corporate environment focused on consolidation and management falls into burdensome rote and even irrelevant work: chores readily overtake and strangle strategic thinking.

In short, our ubiquitous assumption that success depends on decisions and efforts of individuals or groups of executives compels our ubiquitous focus on performing plotted and even rote tasks rather than on innovating performance as well as products. When we accept that the market evinces a life force in itself — a systemic structure and energy imparting its own unique and ever-changing pace and direction — then we enlarge our focus to include not only strategy, effort, and process, but also observation, research, and reflection. For as much as innovation and effort form the activity of a business, they must meet *opportunity* — and generate it — to achieve position and success in the market.

Consider this dynamic as a surfer meeting an ocean wave. The surfer hunts the wave, awaits it with patient observation to determine which wave serves and when to ride it. Of course, the surfer "has a job to do": she must maintain her optimal fitness, cultivate an attitude and an awareness proper to her objectives, provide herself with optimal surfboard and equipment (including the latest relevant technology), and hone her skills through rigorous training. Yet the performance of her surfing, the success and the magnitude of her performance, depend on the waves that she chooses to mount, and whether she persists in riding them to their furthest extent.

In this alchemy, a surfer's identification and perception of a wave's size and character motivates or inhibits her movement, her approach, and her engagement. Which is to say that an entrepreneur and the leaders and managers of any company must observe and read the market, meet and cultivate extant waves of context and timing. And one more fine detail: you have to meet the wave before another surfer claims its enabling rise and glorious crest.

The human sensors, so to speak, that lend us lucidity, clarity, and understanding of the market in its contexts and opportunities provide the basis for this study's fifth chapter: "Psychic Energy and the Challenge to Business Sensors."

6. Whiplash Theory

A major difficulty in understanding the complexity of business arises from the time delay, the lag of information, between cause and effect, action and reaction. First discussed in detail in Jay Forrester's *Industrial Dynamics* (1961) — and thus dubbed "the Forrester effect" — the notion that oscillating demand within a supply chain recalls the motion of a whip also became known as the whiplash principle or "bullwhip effect."

Amplifying this principle and applying it to strategic decision-making, we note that choices and effort require time to confabulate and reconfigure: effects and results require time to manifest and emerge, to achieve recognition and value, or neither, in the marketplace as well as in society at large. For instance, consider Eratosthenes, the first historical scientist to measure, in the third century B.C.E, the circumference of Earth and demonstrate, in theory, the actual roundness rather than perceptual flatness of our planet. That effort required almost 1,500 years to achieve mainstream recognition and validation, when Christopher Columbus navigated the Atlantic Ocean to America.

As with culture and knowledge, so with organizations: a huge gap yawns between cause (decision and action) and effect (result and implication) — as with, say, choices made years ago whose consequences may just now peak, with both positive and negative implications. A complex system of interactions, an organization managing and adjusting even one or two operative variables, especially those of strategic consequence, requires time to recognize and achieve (or suffer) full impact. And, of course, the larger and more complex an organization, the more challenged its capacity to identify and equate decisions and actions with results and implications.

Which complicates an organization's strategic decisions and actions further: current managers often enjoy or suffer results and implications of choices of predecessors — *enjoy* them because earlier decisions proved effective and, over time, bore fruit, and *suffer* them because earlier actions proved ineffective. In this we see the element of opportunity or *luck*: current managers who benefit or suffer from preceding choices managed merely to place themselves "at the right (or wrong) place at the right (or wrong) time." A few illustrations:

- Portugal Prime Minister Jose Socrates resigned on 23 March 2011 after Parliament rejected an austerity plan aimed at preventing international intervention in the country's financial crisis. That crisis grew not from policies and decisions by Socrates but from years of accumulating financial indiscipline and erratic monetary and fiscal policies.

- Greece balanced on the threshold of anarchy in 2008, according to Takis Michas, the country's International Secretary, because austerity measures stipulated by the European Union to remedy financial excesses of previous years caused social unrest feeding radical political groups.

- General Motors chairman Roger Smith faced rapidly dwindling domestic market share in the 1980s as Japanese automakers outperformed GM by nearly every measure. Smith implemented an ambitious $45 billion program of replacing his workers with robotics, yet GM continued bleeding market share because its woes derived not from operational inefficiency but changes in the car and gas markets.

The implication of these illustrations rings clear: a displacement of merit. Current management garners responsibility for successes or failures sown by prior administrators.

Given the pressure for high-speed analysis typically dominant in modern organizations, superficially urgent and obvious evaluation rather than crucially emergent and complex investigation tends to prevail, often supporting standard explanations and excuses. In fact, no one authority or critical system encompasses decisive understanding or systematic explanation of success and failure. Thus, success *per se* defies replication, and failure as such resists sure solution. In a void of effective diagnostics, a company exhausts itself with implementing fixed or "proven" measures while reaping results from, and the unfolding consequences of, preceding decisions, meanwhile both weathering the inertia of the past and pursing short-term change with few dependable measures of effectiveness.

Similarly, strategy and market researches alone can afford no immediately applicable resolutions to an organization's systemic (rather than merely structural) disorders, as these require time to reveal their impacts and implications. Thus, short-term strictly tactical measures (such as structural fixes) tend to exacerbate rather than ameliorate ineffective management and eroding performance. And thus the bullwhip effect begins its devastation: dissension escalates between managers, and classic interpretive mistakes and defensive schemes flourish throughout the company. In this atmosphere, basic diagnostics become confused for and conflated with potential solutions, subjects become objects, short-term tactical action trumps long-term strategic reflection: managerial and operative lucidity clouds and even calcifies, and resources committed to resolution drain wastefully away.

The leader or manager and company that fail in diagnosis fails entirely — like a doctor who eagerly prescribes subsidized medicines without adequate or even accurate cause,

and thereby worsens his client's well-being. In this way, we recognize the crucial distinction between two types of analysis approaching the question of business success from decisively different angles: tactical decisions, usually short-term, that appeal to concrete thought and foster reaction and consolidation; and strategic decisions, usually medium- to long-term, that appeal to abstract thought and foster reflection and innovation.

C. *Seizing Opportunities: Detect, Explore, Exploit*

Opportunity resides at the core of business strategy. A company positioned well to exploit an opportunity reaps benefits impossible for one out of synch with — *desynchronized* from — the market. Of course, opportunity mutates over time: the market system; economics; the complex amalgam of consumers, competitors, and technology — each evolves and thereby transforms the chemistry between a company's value proposition and its corresponding target market.

Opportunity provides the divine breath of business strategy, the seminal inspiration of every business organization. Thus, when an opportunity arises, it spurs canny businessmen to exploit it. And quickly, because every entrepreneur seeks fulfillment of his value proposition — completion of product development and placement, and exploitation of consumer demand — before a competitor supersedes him, and before the market shifts and evolves further.

In its initial phase, a business arranges itself to match the precise configuration of an exploitable opportunity. With success, the business proceeds beyond exploiting its opportunity to preserving it. And this transition triggers the business' *erosion challenge*, in which successful managerial virtues morph into administrative rules, effective operational structures rigidify into organizational bureaucracy, diagnostic metrics shift from indispensible tools to sacrosanct proofs, trailblazing innovative approaches and values give

way to systemic habit and custom — and this inertia of consolidation diffuses throughout the business and becomes its norm. Consequently, operational behavior adept at exploiting opportunity segues into organizational efficiency deft at sustaining operations (a boon) yet also seeds organizational rigidity inept at both internal rejuvenation through innovation and external recognition of further opportunities.

Which is to say that success erodes flexible innovation into rigid institution: an effective revelation becomes established rule, which becomes received wisdom and self-evident value, which becomes dogmatic imperative. In this respect, think of both sides in the Trojan War, stymied after 10 years of standard battle practices. Into that stalemate stepped innovative lateral thinker Odysseus and his scheme of a massive wooden horse.

Yet many companies, perhaps most, wait years or decades for such a rejuvenative figure. More commonly, the successful company consolidates its position, codifies its seminal principles, and calcifies its operative structure into administrative institution by hiring systems managers and "efficiency experts" to formalize — that is, to formularize — its processes, operations, and systems. Perhaps the ultimate expression of such consolidation, and the erosion it impels, involves such quality certification programs as Six Sigma, a detailed review and training process that carries an organization through a sequence of efficiency and productivity steps distinguished by quantified value targets:

> Six Sigma is a disciplined, data-driven approach and methodology for eliminating defects (driving toward six standard deviations between the mean and the nearest specification limit) in any process — from manufacturing to transactional and from product to service. (Six Sigma)

Six Sigma certification requires that any reviewed process — its every element documented and verified — may evince no more than 3.4 defects (errors and variables) per million production opportunities. Developed by Motorola in 1986 and adopted by Jack

Welch in 1995 as central to his regime at General Motors, Six Sigma extrapolates efficiency terminology established through statistical modeling of manufacturing processes, as discussed in the preceding chapter of this study. Today, Six Sigma serves as an international standard throughout many industrial sectors. And its official documentation and Total Quality Certification, proudly displayed in many corporate headquarters, enshrines and practically condones organizational rigidity: a Six Sigma company and its entire value chain aligns to support a precisely codified regimen venerating economies of scale grown fixed, even dogmatic. In this way, total quality control spurs organizational and operational rigidity, and erodes innovative initiative.

As a natural consequence of TQC, managerial talent tends toward standardized approaches. Having achieved rigorous certification for its processes and strategies, a company and its executives often assume the ironclad validity of its structures and operations and, feeling they have found *the way*, reinforce repetitive, circular behavior, in effect mimicking their initial path to success. Indeed, such corporate executives not only share values, preach shared notions of efficiency and success, and follow shared rules, but share tastes in cars, dress, social clubs, and travel. In short, and worst of all, such corporate executives and managers think alike. After 25 years of corporate consulting, I avow the validity of this statement, without exaggeration: I have witnessed eerie similarities between executives of the "same tribe." Not surprisingly, in my own business I experience the same mirroring of behavior between members of my team.

Anything different, anything that deviates from *the way* or derives from a discipline foreign to this set TCQ code, threatens the status quo. Meetings become exclusive fraternal rituals. The group defined, its circle closes. An imperative of group cohesion renders other

concerns subordinate, including investigation and cultivation of fresh, current ideas and perspectives.

In such a setting, the necessity of expunging negative energy requires a sacrificial scapegoat, typically the newcomer or iconoclast to the dominant group, thus eliminating contrary perspectives and strengthening the unconscious pact of inflexibility. Any person, idea, incentive, agent, or variable from outside this closed circle poses a threat — to the status quo, to its perspectives and perquisites, to *the way* of calcified strategies and operations. Inevitably, promotions to key positions privilege internal staff aligned with the dominant culture, and dissidents daring to leave the company forfeit consideration for rehire even in the most apt situations.

All of which works relatively well — while the profitable opportunity persists. A company acquiring the momentum of real success often ignores faults rendered invisible by profitability, expansion, consolidation, in favor of "business as usual." Given the assumptions and attitudes cemented by success, no well-positioned manager wants to provoke tension (or risk dismissal) by questioning the "norm." No wonder, then, that effective factors driving momentum suffer misidentification and malnourishment: the mechanisms of success last as long as the profitable opportunity persists, and further golden opportunities for development and expansion of initial success remain unseen, ignored, or assessed as inordinate risk.

Any organization sustains itself through operational and administrative order that assures effective systems, policies, and standardization. Yet, taken to extremes, efficiency sacrifices effectiveness, urgency sacrifices importance, group cohesion sacrifices innovative individuals, operations sacrifice market presence, old and established policies and personnel

sacrifice fresh and innovative approaches. Or, we might say, standard orders of battle leave the field of Troy cluttered with bodies slain with no objective obtained.

The point of this discussion, then, entails *the administration of opportunity*. Since opportunity resides at the core of business strategy, and provides its divine breath, it must be preserved and cultivated by management. Yet opportunities undoubtedly change shape and form, A company fixed around an original opportunity without subsequent vision, and consequently focused primarily on operative efficiencies and managerial administration, typically disregards the metamorphosis inherent to every opportunity, languishes on laurels of initial success, and increases the likelihood of faltering, as well as the speed with which it falters, from the game.

1. *La Danza Estratégica*: The Strategic Dance

While thousands of management ideas and concepts vie for primacy, the vast majority revolves around three central energies that, to interact effectively in *la danza estratégica*, require strength, discipline, flexibility, and rhythm, applied simultaneously.

• Implementation and optimal administrative management based on efficiency, maintenance, productivity and optimization.

With discipline, precision, and control, a business looks to increase its productivity every year. Among its traditional tools for optimally efficient production are reengineering, restructuring, TQC (total quality control), SCM (supply chain management), time and motion management, logistics, linear programming, purchase centralization, linked information systems, just-in-time processes, economies of scale, and so forth. Yet the efficiency-driven business risks falling into an obsession with expenses and costs (the denominator) that ignores or deemphasizes sales and growth (the numerator). This philosophy of "less donkeys,

more cobs" emphasizes decrease or stasis rather than growth: divestment rather than investment, and consolidation and sustain of extant market share rather than expansion and nurture of share through outperforming competitors and opening new markets. And, as we have seen, maximized efficiency entails consequent minimized flexibility, which harbingers eventual death by inhibiting or destroying capacities for adapting and synchronizing to the market. No closed system, however robust, can long survive.

• Systematic detection and exploitation of opportunities.

Any company requires an active, sensitive, and intuitive nervous system that constantly collects data on market trends, fashion, structural and technological change, and business model change. This detection system feeds the company, and suggests, offers, or demands new directions to explore, test, and launch.

As well as a sensory system that discovers and announces movements in the marketplace and in production and management, a company must heed that system's findings as serious and important. An ideal approach to vetting data entails devising exploratory scenarios, as a kind of inventory of opportunities to be assessed, option by option, under two essential criteria: the magnitude of an opportunity's impact upon the business, and its cost and ease in implementation.

These criteria reveal four quadrants for clarifying decision and action, the first two defining opportunities of little profitable value, the second two defining opportunities of significant potential:

- Quadrant 1 indicates an opportunity easy to implement and with low impact.
- Quadrant 2 indicates an opportunity difficult to implement and with low impact.

- Quadrant 3 indicates an opportunity easy to implement and with high impact — the most important quadrant for its potentially rich short-term results. Design and implementation balancing trade-offs between ease and impact depend on the context and the history of the company.

- Quadrant 4 indicates an opportunity difficult to implement and with high impact — the quadrant yielding proprietary advantages (innovation, expertise) upon which a company may build, and beyond immediate competition. This high-risk/high-yield quadrant entails detection and exploitation of opportunities through an open operative and management system focused on generating new businesses (product lines and markets) and initiatives to reinvigorate the parent business.

- Strategic intent for renewal allied with maintenance of efficient operations and management.

A necessary tension of forces demands that entrepreneurs and managers foster a vibrant and stimulating environment while balancing the conflict of priorities. Just as resources and effort must be allocated to business administration, they must also be deployed toward detection and exploitation of opportunities. Yet in what proportions?

Overdone innovation proves explosive, often disruptive to consolidation and maintenance. A company vesting too many resources in innovation risks affording its more efficient competition an opening to overtake its market position. By contrast, overdone efficiency proves implosive, often destructive to expansion and diversification. A company vesting too many resources in efficiency risks affording its more innovative competition an opening to overtake its market position.

Which begs the question of timing: a company vesting resources necessary for innovation at an inopportune moment affords it most accurate competition an opening to overtake it; a company vesting resources necessary for efficiency at an inopportune moment affords it most accurate competition an opening to overtake it. If these apparently pendulum concerns appear contradictory, consider their inherent parallel: tensions between efficiency

and innovation, between intensity and flow, orchestrated with apt timing, requires intentional balance between administration of business and detection (and exploitation) of opportunities — or results in imbalance destroying both administration of business and detection (and exploitation) of opportunities.

Think of Icarus, as discussed in Chapter 2. Equipped with an almost miraculous ability to fly (innovative opportunity), he allowed his wonder (hubris inspired by initial success) to trump his wise employment of flight (administrative necessity). Conversely, his inventive father Daedalus focused so thoroughly on his escape by flight (administrative necessity) that he neither enjoyed the wonder (that is, contemplated the further opportunities) of his new ability to fly (innovative opportunity) nor kept eye on his excitable son (another, we might note, administrative necessity). Further, no mythic story nor any legend tells of Daedalus capitalizing on his new invention, for any purpose whatsoever.

Balance entails an acumen and an art of engaging a particular energy in its ripe moment, and to effective extent or magnitude, with apt timing. Speaking metaphorically, in correlation with those representative myth discussed in Chapter 2, we might note that business management as a science evokes the precision of inventive Daedalus (mindful of the cautionary tale of his son Icarus), while business management as an art recalls the vision of innovative Prometheus (mindful of the cost of his gift of fire). Further, we note that business management as a matter of timing and proportion conjures the perseverance and diligence of both Sisyphus (whose fated task faltered every time regardless of his enormous effort) and Odysseus (whose cunning repeatedly recognized appropriate tools for appropriate moments, each engaged with exquisite timing).

Think of Odysseus. In the eighth book of Homer's *Odyssey*, after numerous privations and disappointments (trials in conducting his business, let us say), the hero finds refuge among the hospitable Phaeacians, who regale him with tales of his own adventures (not knowing, yet, his identity). Unable to contain his joy and sorrow at the reflection of his efforts, Odysseus asks them to amplify their storytelling with dance (for which they were famed). More than a celebration of Odysseus' deliverance, the Phaeacians' performance embodies the principles by which the hero survived — and those underlying our discussion of open-eyed (vis-à-vis blind) management. To dance with grace and rhythm amidst — and with — the great tension between these forces, and the great dynamism between these energies, inculcates and embodies the realization that the edgy interplay of opposites requires and inspires power: that disruptive innovation threatens displacement yet invites opportunity, that the apparent chaos of collision provides means of refreshing creation.

2. The Focus/Defocus Dynamic

Another dynamic manifests systematically in companies around the world: focus/defocus. Rather than an illustrated series of steps, like a recipe, a description of this dynamic's patterns and strategic moves, like a dance, best serves our purposes here.

Explorative defocus constitutes the key ingredient in starting most businesses. Diluted in their initial strategies and experimental in their resource deployment, new companies benefit from allowing the market to talk and, most crucially, from listening to it. For instance, the start-up focused on "x" and intent on pursing only "x" typically neglects initial market reaction, and supplemental opportunities, and often derails itself.

The market responds to a feeling touch, an assessing smell. Only constant communication and interaction with it, with an intention of discovery, yields a clear reading

and knowing of it. Hence, a start-up prospers most readily by presenting variations in its initial value proposition, offering a few distinct models — especially since testing and piloting tend to feedback of greater significance than market research, particularly with new products and services. Thus the most successful entrepreneurs define a vendor profile through adapting to the market quickly, refining and modifying until their presence finds place. Think of Jon Smith's Federal Express, a glorious venture that failed to function adequately in its first several attempts (Brown), yet now boasts a market capitalization of nearing (as of August 2015) $47 billion.

While, for reasons discussed, the exploration stage must never end, it typically yields to a "second phase" of compulsive focus. Having detected a market opportunity, a company capitalizes on it as quickly as possible. Yet to the extent that a company focuses and exploits its discovered opportunity it also narrows the space for competition and expansion. Indeed, a company that neglects a consciously disciplined focus easily dilutes itself "chasing hares." Perhaps this explains Steve Jobs' definition of focus:

> People think focus means saying yes to the thing you've got to focus on. But that's not what it means at all. It means saying no to the hundred other good ideas that there are. You have to pick carefully. I'm actually as proud of the things we haven't done as the things I have done. Innovation is saying no to a thousand things. (Zurb)

(Not to undercut himself, Jobs acknowledged that "innovation is about exploring a thousand things worth throwing away.")

Good management teams generate a myriad of good ideas. Yet their real challenge comes in not succumbing to the siren song of impulse and adhering to an established strategic focus. An abundantly creative management team in many ways becomes a primary threat to focus — not the least when good ideas become mechanisms to avoid accountability.

An organization that perpetually chases “better” opportunities dilutes managerial responsibility and disperses its resources in novelty, thus systematically inviting displacement by its more diligently focused competition. Thus, a new company’s focus phase requires not worry over a competitor’s new portfolio of products or conquest of new territories but celebration — with champagne. For each dispersion of resources into new strategic initiative weakens, at least initially, a competitor in its core.

A company focusing seriously on its detected opportunity consequently invests its key resources to build infrastructure and delineate processes toward accelerating operations. All strategic and executive energy moves toward speedy and timely deployment. Then follows the momentum that often defines the company’s most profitable period. And after that follows the inevitable third phase: the opportunity erodes, momentum slows or stops, competition intrudes.

And with that, before exhaustion quickens an end, before the operating curve implodes, before the law of diminishing returns asserts, a company must return to flexibility, must temporarily forget efficiency, must embrace its fourth phase: the exploration process. In this way, the cycle of success begins anew, with a justifiable return to defocus — with explorative purpose. And the cycle repeats itself: detection and articulation of an opportunity; capitalization of that opportunity through strategic focus until its exhaustion or mutation; recalibration of focus toward an explorer defocus and detection of another opportunity.

Like Odysseus skillfully and artfully improvising his way through morphing contexts and challenges on his 20-year return to his greatest success: his kingship in Ithaca.

D. *Stages: Crises that Confront Business Entrepreneurs*

Like any organism, companies progress through stages, follow patterns, move in phases. Which to some extent renders predictable, and numerable, the crises that confront any entrepreneur. These five progressions, then, may be identified and described.

The first, a "Crisis of Sales and Cash," revolves around the common misconception that "it takes money to start a business." Of course, sales and the cash flow they generate play vital roles in entrepreneurship, not the least in confirming the relevance and potency of a value proposition to its target market, as well as validating the timing of its introduction. And, naturally, any company requires a bare minimum of financial resources for daily operations alone. Yet many businesses fail because of *excessive* starting capital — in part because revenue shortfalls often challenge creativity and inspire robust performance, while revenue surpluses too often inflate confidence and impel carelessness. Further, global digitalization and excess industrial capacity encourage ready manufacture of prototypes and samples, which engender pre-sales, expanded initial orders, and easy mass production in response to, rather than as inducement to, substantial sales. In turn, this context spurs two temptations risky for a company in its first phase: to grow infrastructure ahead of its market reach in sales and revenue (such as acquiring luxury offices and advanced equipment, or overloading with personnel); and to delegate or contract sales, the initial oxygen of the company. In this respect, recall that an expansive personality typifies the entrepreneur, which lends his main strength to the commercial part of a venture and often impels, unwisely, assignment of sales and revenues to a financial manager or director (think of Harry Nizamian). While an entrepreneur may delegate administrative matters, she best never cedes

oversight, at this stage, of the commercial, not the least because dealing directly with clients and vetting their feedback helps her assess and refine a given value proposition.

The second, a “Crisis of Focus,” emerges as the first fades, a challenge of focus and concentration. At this stage, the entrepreneur encounters a temptation to “go see what else” awaits, including opportunities to invest her burgeoning cash flow. Indeed, with money in hand and with confidence bolstered by initial success, opportunities begin emerging at every turn, as do strategic questions. Shall the company integrate backwards, competing with its suppliers, or integrate forward, competing with its customers? Shall the company seek diversification into new businesses? At this stage, companies eagerly contemplate new partnerships and crave conquest of fresh territories. Yet a company losing focus to parallel or tangential efforts weakens itself, slackens momentum, and thus leaves its flanks open for more innovative competition to overtake its market position.

The third, a “Crisis of Control,” arises from the entrepreneur’s need to strengthen administrative, financial, and process controls toward maximizing efficiency and preventing such unpleasant surprises as embezzlement. Of course, as previously noted, a great entrepreneur rarely makes a great administrator, and vice versa.

The fourth, a “Crisis of Institutionalization,” embodies the company’s success in conquering the previous crises in a recognition that its dependence on the entrepreneur must decrease, or even end. The “company hero” must be its instituted systems and regulated practices, its policies and standards, not its founder or any other person. Since the entrepreneur, consciously or unconsciously, adjusts and limits the size and quality of management capacity, his company enjoys sluggish or little growth under his ironclad

command. And once a business stops growing, the process of entropy activates the beginning of the end.

The fifth, a "Crisis of Flexibility," arrives after a company runs for years, often attaining great size, and succumbs to the sins of rigidity, stubbornness, denial, arrogance, complacency. In this final stage of crisis, the company blessed with good management returns to basics, back to its origins, to regain its entrepreneurial flexibility and again seek opportunities with a feeling touch, an assessing smell, then exploit and pilot them with the knowledge of experience.

In synthesis, the key ingredients for each stage may prove poison for the others. For instance, the ideal leader for the Crisis of Sales and Cash can prove incapable of managing the Crisis of Institutionalization. Meeting the challenge of these crises entails understanding the energies correspondent to each, the natural propensities and skills relevant to each stage. Again, Steve Job serves as our exemplar of this acuity, with his leadership flowing Apple from iPod and iTunes to iPad and iBooks to the comprehensive iPhone.

Of course, not all innovations attain such outrageous cachet and success. Innovation manifests in innumerable forms and magnitudes. The larger an innovation, and the further from its company's core, the greater its chance of failure. Yet innovative initiatives increase their probability of success in proportion to a company's consideration of adjacent opportunities: same customers + same products = market penetration; same customers + new products = product innovation; new customers + same products = market innovation.

Any company requires management, housekeeping, economy of scale, and budget control for successful operation. Yet each of these components may also become the "noble" focus that misaligns a company from the market and spurs its failure. Privileging any single

element is like hanging someone in the name of love, or destroying a village to “save” it. Any vector of over-emphasized and polarizing efficiency implicitly generates another of reverie, myopia, and commercial insensitivity.

1. Flexibility and the Big Toe

If business follows more or less predictable dynamics and patterns, and if one accepts the proposition that businesses, over time, erode and fall into entropy, what then? How may a company navigate these ever-changing waters, from birth to growth to decay to renewal?

Consider my theory of the Big Toe. You may imagine that a business standing firmly on its feet enjoys it best position for tomorrow. Yet what of being caught flat-footed, or too staunchly rooted? Management requires clear focus on optimizing resources at the same time it demands detection and creation of new competitive advantages. Following this metaphor, we can imagine more and less effective and sustainable ways to stand.

- Two feet in the past. The company whose executives obsessively recall former glory and highlight past experience — “I did, I saw, I was.” — may stand tall, yet conjure little momentum. While accomplished, these executives tend toward adherence to a “proven” formula for success, a distinct disadvantage in remaining current and moving forward. Often, such nostalgia manifests in a company’s well-maintained facilities, edifices of yesteryear. Faced with the major challenge of transferring operations to a new generation, such companies often hire outside managers to transform themselves.

- One foot in the past, one in the present. A company in transition battles with releasing its past as its present requires change. Typically, this company plays “catch up” with its competitors, which generates a systemic confusion and frustration, and even anxiety and anger, as it struggles with changes in the market and in its market position. This category includes such “late followers,” those remaining entrenched in their original model despite evident movements in the market, as the monster Wal-Mart chain’s floundering internet strategy.

- Two feet in the present. The company focused solely on present circumstances predominantly discusses productivity, cost efficiency, and

financial metrics, fueling an atmosphere obsessed with *doing things right* rather than with *doing the right things*. Resources and meetings revolve around results rather than budgets and variations of approach. Of course, efficiency remains crucial. Yet its over-emphasis puts a company at risk, often unwittingly, of dismissing future opportunity and stability. Fixation on the present, on the current quarter, often blocks sightlines into the future. As an example from my own experience, consider my work, in 1998, as Sales Director for AT&T in Mexico. That year, I visited Tijuana, home to one of the best manufacturing plants of audiocassettes in the world, supplier for the almost ubiquitous brand Maxell. Well-operated and immensely productive, this factory stands moribund today, a casualty of the rise of digital audio – that is, a casualty of its focus solely on its present circumstances,

• One foot in the present, big toe of the other in the future. Notice the distinction here from "one foot in the present, one foot in the past," an approach that leaves a company's current position debilitated by "reserving" half of its attention and resources from forward thinking and exploration. Yet placing the big toe forward allows a company to touch the future, to explore it as one does the temperature of a swimming pool, without committing all of the weight and mobility of the inquisitive foot. This posture allows a company to vest, say, 85 percent of its energy in the productivity of its current operation, and 15 percent in the discovery of future opportunities. Coca-Cola, for instance, continues investing in alternative beverages such as juices and bottled water. That is, while sales of cola and other "soft" drinks dwindle under a "naturalist" change in the market, Coca-Cola positions itself for an opportune future within its core business. By contrast, other companies adopting this model of adaptive change within its core position have pushed too far forward, as with the Concorde super sonic jet — a tremendous innovation with limited commercial use. Similarly, biotechnology promises innovations in providing human nutrition, yet faces principled international resistance from environmental and bioethicist groups. Setting a toe forward into the future affords a company the opportunity of experimentation and innovation, as well as detection of developing markets, trends, competitors, and innovations disruptive to the status quo. When the big toe registers market temperature, it indicates a ripe moment for strategic decision.

These four metaphors suggest an ideal approach to business strategy: one foot in the present, big toe of the other in the future. And they remind us of Odysseus, our burgeoning model of the ideal leader: "Odysseus is *sophron,*" Menedemos tells Protomakhos in H.N. Turteltaub's *Owls to Athens*:

> …he gets the most out of the wits he has. He's not so great a warrior as Akhilleus, but he has more sense in one toe than Akhilleus does in his head. … Odysseus…is the man who can do everything well. He outwits Polyphemos the Cyclops, he can build a boat or a bed, he fights bravely wherever he has to, he can plow a field, and he's the one who, at Agamemnon's assembly, keeps the Akhaioi from giving up and sailing home. (160)

This Odyssean posture provides stable firm footing and flexible forward reaching, essentials to the question of timing so decisive to success. As we have seen, standing in the vanguard of innovation often binds one from effective management of the rising opportunity. Yet a stable position able to quickly respond to innovation, to adapt to its disruptions and incorporate its benefits, often succeeds sustainably where both brilliance and complacence falter.

As Steven Schnaars studies in *Managing imitation strategies,* for example, Canada Dry "Sport" and Royal Crown Cola innovated with caffeine free "soft" beverages, yet major players Coca-Cola and Pepsi Cola eventually overpowered them. That scenario played out again in the "diet soda" market, when innovators Kirsch No-Cal (1952) and Royal Crown Diet Rite (1962), again suffered progressive displacement by Coca-Cola's Tab and Pepsi's Patio Cola in 1963, Diet Pepsi in 1964, and Diet Coke in 1982. Similarly, while in the mid 1940s manufacturers Reynolds and Eversharp reinvented the writing pen, they faltered against competitors adapting their innovations such as Parker Jotter (1954) and Bic (1960), which came to dominate the market.

Spotting a trend, then, whether opportunity or threat, presents a key element in business management, as further discussed in Chapter 5: "Psychic Energy and the Challenge to Business Sensors."

2. Three Determinant Energies of Marketing Strategy

The ego-centric approach to management — the idea that "everything depends on management," on its action and inaction — serves as blinder on decision-makers. When a company depends in "everything" on one group or person, it readily ignores exogenous variables, including market opportunities. Other forces directly influencing the health of a business receive discussion in this study's next chapter, yet three crucial energies deserve mention at this juncture.

The first we may call "the size of the gap." Nature abhors a vacuum, an ancient proverb states: any void must fill. Any gap or niche in a market imparts an opportunity, and its size offers a key in determining a company's success. If a gap yawns large, almost any product or service meeting it — however mediocre, and even if expensive — fills it, grasped at amidst scarcity of address, at least for a time. Inevitably, competitors invade such "open turf" and position themselves to grab their bite of the market opportunity. If "the first into the breach" innovator sometimes perishes in the effort, his early adopter followers often gain ground, and reap success.

For example, as a Senior VP of marketing for an early mobile telephone company in Mexico, I marveled at the rapid rise and market penetration of the technology despite poor service and high costs. Something similar happened with early internet access, the speed and price ratio initially among the most expensive in the world. And yet, in both instances, demand remains overwhelming because "the size of the gap" opened by the comprehensiveness and mobility of these communication technologies far surpasses that afforded by former dominant technologies.

Consider this. By 22 October 2013, a few months more than six years after its launch on 29 June 2007, the iPhone boasted more than one million software applications (apps), according to a verge.com report by Nathan Ingraham. Such explosive growth dramatically identifies a market operating in a vacuum, the thirstiest of derelicts in a desert.

Our discussion throughout emphasizes the second crucial energy in marketing strategy: *timing*. In 1993, my business partner in San Francisco called to invite me to a "great business opportunity" in the electric car business; a great idea, a huge gap, but fatally premature at that time. By the same token, the so-called "videophone" never found its time. Conceived and ballyhooed as imminent since before the Second World War, the integration of video and phone became viable commercially via the internet with the advent of Skype and its competitors.

Such mismatches of timing and technical knowledge weave throughout history. Consider Eratosthenes (279-195 B.C.E.), the first scientist to demonstrate (mathematically) the spherical shape, rather than the supposed flatness, of our world. Few today remember this genius, rather crediting the "discovery" and confirmation of Earth's roundness to theorists and explorers of some seven centuries later: Christopher Columbus (Cristóvão Colombo, 1450-1506), Nicolaus Copernicus (1473-1543), Galileo Galilei (1564-1642), and Johannes Kepler (1571-1630). While Eratosthenes offered innovative thinking, his notions remained largely dismissed speculation until their validation — that is, their adoption and exploitation — through innovative technologies of calculation and transport. Which is to say that most often *timing* confirms and rewards genius.

A third crucial energy in marketing strategy entails that ineffable quotient of chemistry. Just as people sense and explore the shared power and resonance of interpersonal

“chemistry,” a company scrutinizes the chemistry between its business value proposition, a gap in the market met by that proposition, and the timing of that gap’s address and exploitation by that proposition. Consider the rather basic yet ingenious notion of turning the European tradition of small corner cafés into an international franchise. Starbucks’ fusion of that tradition and a canny marketing plan fostered the ubiquitous brand unavoidable today: friendly village baristas became efficient dispatch operators; a centuries-old commonplace emerged as a powerful outlet chain. A matter, ultimately, of *timing*.

The iPod, Apple’s prelude to the iPhone, owes much to the innovative thinking of Akio Morita, co-founder of Sony Corporation, who in 1979 ignored market research and received wisdom to launch the Walkman, the first truly personal portable music player. If Morita plays grandfather to the iPod and its sibling iPhone, his spouse as grandmother must be Sean Parker, co-founder of the Napster music file-sharing system. Having inserted into the business psyche the revolutionary notion of music’s digital transferability, Napster pioneered an entirely novel industry. And just as Sony’s Walkman and Napster’s original peer-to-peer file sharing model faded in the face of competition and technical innovation, so did the iPod segue into the iPhone, which itself will cede “the gap” to further innovation and competition (and consumer fickleness) — perhaps instigated by Apple itself.

When a company fuses these three energies — the size of the gap, timing, and chemistry — it achieves full momentum and, temporarily, outpaces competitors. Yet typically only for a time, temporarily: because success, as discussed throughout this study, typically fosters complacency, arrogance, blindness. Unless or until a company observes and respects these three energies and their interplay.

E. *Strategic Blindness: Spontaneous Versus Designed Strategy*

A blind company knows not where it goes, lost in the all-consumptive urgent, closed to the all-important emergent. Obsessed with improving last year's performance and confusing its generation strategy with requisite definition of objectives, such a company succumbs to the stasis of confusion and lethargy. Plans falter. Meetings proliferate. Familiar positions impel defense rather than assessment. Operational schemes calcify into the feudal. Objectives emphasize functionality over creativity. Its components lacking integration, the company runs wild, chaotic.

Wrapped within a drama of internal issues, a blind company cocoons itself — even from the market environment defining its success and failure, its very existence. Internal discourse revolves around organizational, administrative, operational issues rather than value propositions, market positions, customer responses. Managers debate cash flow and EBIT (earnings before interest and taxes), cuts in expenses, increases in productivity, efficiency. The *how* of *doing things right* trumps the *what* of *doing the right things*. A blind company lacks direction, and therefore lacks priorities. In its consequent inability to effectively allocate resources, such a company struggles with power and especially budget contests. A company incapable of effective resource allocation generates no coherent strategy — which requires choice, decision, prioritization, and the "sacrifice" of resources to clear objectives that defines effective allocation (financial and otherwise).

Thus, the most urgent task for a blind company entails setting its course, or generating a coherent strategy. A clear course pursued halfway trumps any ineffective course pursued perfectly. While strategy generation involves numerous streams of decision and action, it

orbits four specific aquifers: strategy by design, spontaneous strategy, the hybrid synthesis of these two, and a family of defensive and offensive strategies.

1. Strategy by Design

Truly effective strategy comprises not analysis of data but synthesis and design. Roger E. Levien, former Vice President of Strategy and Innovation at Xerox Corporation, conceives of strategy as an alloy of two elements: external and internal design. While the former specifies contracts, networks, and customers, the latter encompasses parts of a business generally invisible to customers: the internal strategic structure that designs the value chain informing the company's external design. Such strategy by design comes with the potential disadvantages of eliminating flexibility and openness to new opportunities, and of eliminating creativity and delimiting a company's natural strengths. Acknowledging this, Courtney, Kirkland, and Viguerie in HBR proposed three positions enabling any company to face its future with effective strategy generation: shaping or creating the future, adapting to the future, or reserving the right to play.

A company taking the first position assumes a leading role in defining its industry, as by establishing standards or creating demand. Federal Express dominates this category, with its invention of a new industry: overnight delivery.

A company adapting to the future, the second position, assimilates and adapts structures of a given industry, and responds to opportunities within that market. Particularly during uncertainty in the business environment, such an "adapter" company devises a strategic position — where and how to compete — within its target industry. The rise of global telecom companies illustrates this model.

A company reserving the right to play, the third strategic position, dedicates itself to investing enough resources to retaining its place in the market — something like “pay per view” events. With its bringing to market of several variations on such drugs as Viagra and Lipitor, the pharmaceutical industry examples this model.

2. Spontaneous Strategy

Some strategies defy conscious organization or articulation, even precede their own formal conception. Canadian management expert Henry Mintzberg calls these “emerging strategies”. A spontaneously emerging (or, as it were, improvisational) strategy comes with the obvious advantage of arising from a company’s native competitive skills (“at this we excel”). Of course, a company unable to articulate its strategy may prove incapable of replicating its success, a distinct disadvantage. American Express illustrates this model with its largely spontaneous (if self-evident) movement from a provider of scrip (“traveler’s checks”) and credit for travelers to the largest travel agency in the world. When AmEx management awoke to the strategic implications (and benefits) of this expansion, its momentum (direction and speed) accelerated it into a major financial services company.

3. Hybrid Design-Spontaneous Strategy

This strategy’s name encapsulates it. Essential components of a hybrid strategy company include a restlessness toward consciously seeking strategic directions accounting for events and environments external to its operative and administrative organization; a courageousness toward willfully striving for strategic distinctiveness rather than mere prominence; an adaptability toward insightfully focusing on strategic exploration of

emerging technologies and markets; a flexibility toward clearly recognizing strategic costs of devising and implementing priorities, including organizational change.

Strategy generation increases a company's opportunities for success, of course. Yet it also addresses the existential dilemma of its officers and employees, the ageless imperatives to discern "where I come from, why I'm here, where I'm going" — each at least provisionally answered by a company effectively defining itself and achieving a firm market position.

4. Defensive and Offensive Strategies

A defensive strategy comprises the entire menu of schemas directed to maintaining a company's established position. Involving a company's collective mental outlook, competitive attitude, and strategic intent, such schemas resemble Freudian defense mechanisms in that, among other things, they justify an idealized yet inexistent pristine state, the unsustainable position and fabricated reality of the laurel-resting successful company.

An offensive strategy entails acknowledgement of a company's operative limitations of both production and administration. This requires confronting limitations toward reconnecting the company with market reality by implementing initiatives to consolidate position, gain presence, and outpace competition. Ideally, a company committed to an offensive strategy opens itself to thorny and even personal discussions toward demolishing top management's stultifying defense mechanisms, and thereby outpacing competitors indulgent of leaders living in denial, clinging to their fixed view of "reality," and thus minimizing both market changes and competitor strength.

Living in denial brings bad results to others: when “everything’s fine and dandy here,” important heeding of trends and tuning of courses falls on deaf ears. Or opportunities become threats to current organizational configurations, challenges to sacred yet obsolete processes treasured for their effort of initial implementation and their achievement of initial success rather than revised for sustained success.

When a business neglects pursuit of opportunities, as a person failing in initiative, it watches idly as time runs out on its success.

To again invoke Odysseus, our model entrepreneur of adventure, his successful generalship during the Trojan War and his eventual return home, against all odds, arose through a certain fortune of opportunity — most often brought about by his enemies’ complacence or hubris — yet more from his fusing of knowledge (data) and cunning (design) in address of externally emergent contingency (duty) and internally imperative necessity (desire). All performed with his impeccable sense of timing.

Remaining flexible in facing a myriad of challenges, and creative in devising a trove of solutions, our Ithacan hero-king shaped his future position (indeed, Odysseus met his fate by forging his destiny) by adapting to each twist in his present circumstances, by exercising his capacity to strategize, or play, in the field of conflicting forces and agendas. And he did so through a combination of both tried and spontaneous tactics, at times, by need, defensive (remember his weathering of the Sirens, and his incisive stratagem of abiding with Circe) and at other times, by design, offensive (remember his defeat of the Cyclops Polyphemus, and his decisive stratagem of The Trojan Horse).

Chapter 5 | Psychic Energy and the Challenge to Business Sensors

Civilized life today demands concentrated, directed conscious functioning, and this entails the risk of a considerable dissociation from the unconscious. The further we are able to remove ourselves from the unconscious through directed functioning, the more readily a powerful counter-position can build up in the unconscious, and when this breaks out it may have disagreeable consequences.
C. G. Jung, *The Structure and Dynamics of the Psyche* (71)

A. *Business Sensors and How They Are Compromised*

The second chapter of this study discusses the relationship between business management theory, Depth Psychology, and mythology (as expressed in Ancient Greece) with consideration of Jung's theory of the psyche, and our thematic core of energies conscious and unconscious driving any company. The third chapter summarizes origins of current business thought with emphasis on the publication of Taylor's *Scientific Management*, and the current business z*eitgeist* and its attendant operational "sins." The fourth chapter describes a company's never-ending pursuit of *the* recipe for success, and the prevalent structural patterns and dynamics necessary to understanding business success and failure, with reference to myths illustrative of these concepts.

This fifth chapter presents several examples, with reference to applicable principles of Jungian Depth Psychology, of companies "gone wrong" — as when managers and leaders exhibit irrational and self-destructive behavior. The American automobile industry serves here as our core "case-in-point," with complementary illustrations from other industries and scenarios.

If a strong perception of business dynamics and their natural flow provides us an exemplary means to deeper knowledge of any business, then our capacity and quality of perception comprise crucial keys. And perception requires sensors. Alongside our five recognized and "traditional" senses stands our ability to perceive things as they are, in

their fullness and in their limitation. Much as the idea of *Maya* in the Hindu tradition affords us an inkling, in metaphysical terms, of the many guises or illusory forms of experience, so may it inform the business world, in metaphorical terms, of the necessity of perceiving events and function *as they are*, in their actuality freed from our illusions and assumptions, toward promoting organic growth and development.

Lucidity, clarity, and an ability to *acknowledge* and, further, *question* our assumptions and the ineffective judgments they provoke comprise three requisite perceptual keys for effective decision-making within any business. When a company neglects or diminishes or breaks these indispensible sensors — when its effective perception of reality distorts and skews — how may it manage itself? As outlined in this study's second chapter, adaptation comprises the core of survival: accommodation to viability of habitat, availability of resources, ingenuity of effort. And as with organisms, so with businesses: competition both innovates and assails a target base (environmental community, customers) even as markets (environmental habitat, business climate) change their behavior in erratic and unpredictable forms. Much as any organism, a business to survive must fully engage in this transactional exercise with its environment, must respond to stimuli (input) and generate response (output) relevant to its circumstances in its effort to generate means of sustenance (products) and surplus (profits). Any entity, living organism or thriving business, with perceptual sensors capable of reading its environment and adapting effectively increases its odds of survival and success, even dominance.

Effective diagnosis of business obstacles and opportunities informs the core skills of a successful decision-maker. That is, encompassed in a single idea, the critical dilemma or opportunity for any company entails development of effective diagnosis; its absence or

misdirection prove destructive, disastrous, fatal. As noted throughout this study, such absence or misdirection of diagnostic perception impels the common confusion of symptoms with causes, the typical emphasis on urgency over importance, the habitual search for culprits (scapegoats) rather than dynamics.

When a company, through its leaders and managers, tends to misdiagnosis, it prioritizes and allocates its resources ineffectively, inappropriately. Soon enough, then, these resources dwindle, expended and wasted in ineffective deployment. Thus, the core challenge to success shows two sides: initial, perhaps systemic, misdiagnosis, which persists and grows; and continual, perhaps endemic, depletion of resources, which wounds and accelerates. Of course, this combination generates new problems and fosters a downward spiral. When diagnosis fails, everything fails: a leader with broken sensors eventually breaks his business.

B. *Defense Mechanisms and the Ego*

The core purport of this dissertation holds that unconscious influences upon an individual's decision-making process, and their implications when either acknowledged or ignored, determine the success or failure of any business. As Jung insisted, "The psyche is the starting-point of all human experience, and all the knowledge we have gained eventually leads back to it. The psyche is the beginning and end of all cognition" (*CW* 8: 125, para. 259). Of course, as earlier discussed, within a business, perceptual sensors move from the human to the structural, or institutional, and abound with formulated administrative techniques and management strategies designed by chemical, industrial, and systems engineers, and by financial experts. And yet both human and business organisms suffer the same fundamental enemy of effective diagnosis: the ego.

A common perception grown, through news and entertainment alike, into a kind of truism: business entrepreneurs and owners and their managerial factotums (especially executive officers) sport, even boast, the biggest egos. And egoic thinking inevitably renders them blind and deaf — an ineptitude of perceptual sensors that the market never forgives, and competitors even less.

The business hierarchy bulges with people of apt training and experience, every company mustering dedicated and avid personnel. Yet certain companies embody a radical difference founded in its people and their personalities. The management team with fewer complexes and less grandiose ego outmatches its rivals consumed with ratifying its collective ego with each decision and every action, and thus distracted with continually navigating its mingled personal complexes. Ego undermines and disturbs lucidity. While a leader without strong ego and even a certain degree of narcissism lacks energy sufficient to robust conduct of business, a leader consumed by overweening ego and self-serving narcissism lacks respect and authority. If a leader without ego strikes us as a body without backbone, a leader drenched in ego revolts us as a dervish without control.

For ego, like all human characteristics, possesses positive as well as negative sides, a function of degree or magnitude. Constructive ego cultivates and empowers strength, and suppleness. Destructive ego distorts and diminishes sight, and insight. Enlarged ego declares itself "perfect," others "defective." Dealt either dilemma or opportunity, an egomaniacal leader or manager diverts attention to factors reinforcing either manifest, consumptive ego or consistent, effective self-concept. For the ego-driven manager, business problems wallow as second or even lesser priorities to self-protection or self-

aggrandizement. A third priority — competition — often entails not effective answer to rival companies, a battle of presence within the market, but destructive contest with rival managers, a battle of position within a company. Fallen to fourth or lower priority, customers suffer from lack of attentive time and energy.

1. I, Me, Mine

As noted earlier, the greater an individual or company success, the more likely an inflation of ego, and the less likely an adequate responsiveness to company and market reality. Of course, a thriving company easily, however wittingly, subsidizes inflated egos. A successful business — riding prior excellence in management or position at "the right place at the right time" or insubstantial competition, or these in combination — often survives, for a time, ineffective decision-making arisen from inflated ego. Indeed, with prolonged success, an individual or a group of managers may develop a narcissistic complex: I, Me, Mine (Us, We, Ours).

Narcissism finds its roots in the mythological tale of Narcissus, a handsome young man so engrossed in his own virtues that when one day he found his reflection in a pool of becalmed water he fell enamored of, in love with, his own image. No word or gesture could retrieve him from absorbed contemplation of and devotion to his image. The narcissist, therefore, looks only to himself without account for other people or events. Such a self-absorbed person neglects and fails at becoming acquainted with, and developing understanding of, people. Such a self-absorbed leader looses sight of the colleagues and subordinates upon whom success depends. Often such inflated individuals, amidst all their blustery self-regard, lack self-esteem, and thus constantly seek attention and, indeed, admiration. That is, such individuals perceive in themselves a

deficiency or imperfection, usually conceived during childhood, and seek psychological compensation through self-inflation. And yet, of course, self-inflation tends ineluctably toward development of grandiose, unrealistic fantasies of power, money, success, beauty, or ideal love.

In the overpowering need to protect his image, the narcissist concerns himself not only with his outward appearance but also with exhibiting signs of power and imperviousness, no weakness, no fragility. The narcissist leader, strong and great, never fails, admits no wrong. She blames others or "circumstances" rather than face her poor and ineffective decisions. And this process of denial, despite self-protection, may take on self-destructive dimensions, a defining paradox of the human species: the ego may assume greater importance than subsistence — "My wounds may be fatal, but I am right!" Indeed, some narcissists (*aferrados*: stubborn clingers) cleave with such resolve to their attachments that they ultimately take the company they founded or manage with themselves to the grave.

A grandiose and insecure ego sustains itself through complementary pillars of acquiescent or flattering subordinates who bolster and reinforce their leader's monumental position, offering no correction, risking no discomfort or disagreement or dismissal. While candor, question, perspective offer the effective remedies for an inflated ego, they too often wait until "circumstances" themselves intrude, bringing a towering ego to its crashing fall — sometimes indemnifying those personnel of humility and maturity, more often costing the life of the business itself.

The most effective remedy for grand egotism? We must ever remember the strength of a simple admission: "I was mistaken."

2. Pitfalls of the Ego

Four predominant failings of ego, per sociobiologist Robert Trivers, deserve explication here:

- Inflation or hubris, from Ancient Greek *hybristikós*: pride, insolence, licentiousness. Success often inflates the rich and famous until they pop, as we see regularly in the world of entertainment, especially music. Success skews the unwary and foolhardy, those mistaking their success or fame as a product of only their own efforts, impels them to sometimes extravagant risks, dilutes their focus on business or art, encourages participation and investment in questionable ventures.

- Judgment of others. Disqualification or diminishment of others as inferior, less intelligent, or less sophisticated quite often characterizes the individual or organization arisen to power. And still more so for those surrounded or administered by personnel given to flattery and other forms of sycophancy, always affirming the leader or the status quo and thus fostering the excessive pride and surety of hubris.

- Powerful without ears to hear, eyes to see. Success and its attendant influence and power also corrupts the ears and eyes (reception of information), and hence clarity of thought. Too often, powerful leaders, managers, ministers assume the center of their own thoughts, consequently neglecting the perspectives and experiences of others.

- Tribalism: bands and cliques. The belief that one group — usually, "our" group — surpasses others in intelligence, competence, righteousness derives rarely from merit, usually from affiliation. Any group or company deeming "others" as lesser dissuades or discards organizational diversity, heterogeneity of thought, and it aquifers of adaptability and innovation.

But the game continues. Among our many effective resources for combatting the deceptions of success and ego, perhaps the first, best tool remains recognition and acceptance that most of our decisions exhibit patterns, however fundamentally automatic, which is to say subconscious. Thus our work, and perhaps our most crucial work, happens neither on a factory floor or in an office cubicle, nor even "out in the market" *per se.* We must as well work with and within ourselves to better recognize and

acknowledge our biases, prejudices, and complexes in the understanding that without address they skew, inevitably, decisively, our decision-making.

C. *Ego Blindness*

How much experience and knowledge rests in that odd lacuna of things that we do not know we do not know? And yet we do recognize a particular place for this unknown knowledge, perception, decision: the dimension of the subconscious, that mysterious repository so unfamiliar to us, by definition, that we scarcely consider, let alone credit, its impact on our decision-making. As previously mentioned here: some businesses rest on such solid foundations that they may tolerate ineffective decisions for years before slipping from their inertial course; and some businesses flounder on such rocky bases that they may defy effective decisions, the finest leadership, the heartiest workforce. All unnoticed in their causes for lack of sight.

Most argue, rightly, that mismanagement given reign eventually ruins any good business. And yet some businesses enjoy such exceptional value propositions or apparently unassailable positions that they persist, successfully, for years, even decades, in the grip of mismanagement. While booms last, business managers attribute successes to their own effective management. But when fortunes fade, these same managers attribute failure to external causes: the economy; unanticipated, even unforeseeable, crisis; unfair competition; government regulatory interference.

Attribution Theory, a prominent model among many addressing psychological processes in business management, details a string of fallacious reasoning explaining success and disclaiming failure. Foremost, of course, stands the ripe old chestnut, "If I do well, it's thanks to me; if I do poorly, it's due to circumstances." And then its converse

corollary: “If you do well, it’s thanks to circumstances; if you do poorly, it is your fault.” The upshot reveals how readily, insistently, habitually we reject responsibility when reality runs against our self-concept: we repress unpleasant memories, and replace them with newly created ones congruent to our illusions of self. In such perception, an objective view finds little purchase: we disrupt fact, accentuate it, and enlarge or reduce it, according to our inclinations and biases. That is, to protect the ego and keep it happy, we lie to ourselves, we surf around our world for plausible rationalizations with a smile masking our unconscious distortions.

And this phenomenon remains entirely desirable — after all, fiercely facing reality can lead us into isolated and tormented lives. Yet a desirable degree of denial and rationalization, like everything else, serves us only as a matter of degree or magnitude. Taken to an extreme, as usually occurs in the absence of counterweights, our denial and rationalization fluoresces into falsehoods and concomitant ineffective decisions, for which we eventually pay extreme consequences.

The multiplicity of subjective realities — yours, mine, his, hers, ours — make for fascinating contexts and relationships, as seen in the best (and worst) novels, biographies, movies. The classic challenge requires our alignment, our acknowledgment and, to some degree, our accommodation of this myriad of realities so fiercely — tooth and nail — defended by their adherents. Leaders and managers, themselves human after all, also fall prone to these failures of perception and interpretation. That said, the world of business in many ways privileges the objective view, which finds real traction through measures of market share position, cash flow generation, balance sheet composition, and income

acquisition. Nonetheless, a few distinctive categories of ego blindness require illumination here.

1. Personal Blindness

My experiences in international business convince me that personal blindness stands as the main obstacle to organizational effectiveness. None of us escape this malady, which deludes each of us into viewing the problems of others a much more readily soluble than our own, the defects of others much more rigidly intractable than our own (if, indeed, we fully see our own). Throughout my work, I consistently encounter brilliant people blind, at any given moment, to their limitations, their biases and complexes, their compensatory schemes that veil "deficiencies" of personality. These capable, high-performance people suffer no lack of administrative technique, or even of leadership skills, but rather lack that knowledge of the unconscious and of automatic behaviors that most impact business performance, as well as that lucidity of perception that best recognizes individual strengths and weaknesses.

Consider the bitter irony of a company that reduces its market penetration, its leaders in turn floundering in the face of such "failure" and, unable to explain the change in fortune, blaming anyone — everyone — else. The endemic blindness of the modern business world to functions of the psyche, as described throughout this study, derives not from insufficient genius or intrepidity but from the hegemony of the so-called capitalist-scientific paradigm. If seeing is believing, modern management peers through misprescribed spectacles. The neglected notion of *subconscious* behaviors stands out for its absence among thousands of books espousing business strategies, models for success, templates of organization, while such "purely psychological" notions meet with disdain

in the mainstream of university management classes at universities. Of course, many psychologists and psychiatrists succumb to inept and unethical behaviors and practices, as do practitioners in every profession, and deserve no defense. Yet consider the irony of principled psychologists earning dismissal as "crazy theorists" among business leaders, managers, and teachers. Neither can we defend neglect of the human need — rather, I should say, the human *obligation* — to integrate best practices and technical knowledge with best professional and personal experience and knowledge toward maximizing consciousness and, in this context particularly, performance across the spectrum of human endeavor.

Given that business thrives on meeting — and to some decisive degree anticipating and even fostering — human needs and behavior, its managerial denial and dismissal of psychology's demonstration that most human performance arises from, or at least receives fuel from, the unconscious bespeaks, at best, a detrimental self-contradiction.

As the University of Virginia's Timothy Wilson detailed in *Strangers to Ourselves*, the multifarious human nervous system gathers through our five acknowledged material senses (apart from more perceptual capacities beyond scientific access) more than 11 million pieces of information *at any given moment.* Which is to acknowledge that humans must of necessity function autonomically (via self-regulating and -responsive physiological systems) as well as voluntarily (via self-determined and -mediated physicality) lest we fall through perceptual overload into systemic dysfunction. While rationality rarely rules our decisions, it serves as an intellectual frame on the operational constraints of our perceptions and consciousness, which conform to patterns and dynamics grounded in our biophysical, emotional, and perceptual selves, and informed by

acquired experiences that color and habituate our operative perspective and behavior — which in turn for the most part prevail in our decisions and, above all, actions. Consider a few illustrations:

- in the culture at large, the doting parents blind to their spoiled child's laziness and complacency; the beautiful woman blind to her friend's insistent query about her new boyfriend, "What do you see in him?"; the adamant priest preaching judgment while blind to his own notorious trespasses.

- in the business world specifically, the "elite" minds blind to their drive for ingeniously profitable financial mechanisms that jeopardize the international economic system; the Toyota chief executive sacrificed in his company's deflection of a public relations crisis; the General Motors executives bleeding market share for 30 years while cleaving to outmoded operations and leadership.

Every one of us benefits from — *needs* — challenge, balance, counterweight, though we dislike information, perspectives, and practices contrary to our habitual behaviors and the self-perception that rationalizes them. While we deem "the truth" and telling it as virtues, they create discomfort, challenge, candor — and thus open reality for us, if we choose to witness it. No task compares in difficulty to "facing oneself," in part for its confrontation with and admission of limitation, and partly because we learn early to deceive ourselves for the sake of protecting our self-image, for the sake of defending the ego from the existential anguish also innate to humanity. Which is to say that, as business safeguards its successful practices and perspectives, so do humans protect our scripts, our masks, our assumed roles — in deflection or outright denial of our true essences. As any consultant or advisor, as well as most psychologists and sociologists, will tell you: no task compares in difficulty to acknowledging, addressing, and assimilating our limitations and insufficiencies (our "flaws"), and our true talents as well as our self-destructive patterns. Every one of us defends our egoic self through thick and through thin.

2. Collective Blindness

Just as individuals suffer a blindness of self-deception, so do groups, companies, even countries. In my homeland of Mexico we receive excess social "education" that renders us overly reverent and deferential: we fear telling truths, and marvel in shock at those who articulate their views in a direct and plain way. Some scholars reach back centuries to attribute this cultural habit to the collective castration and abuses perpetrated on native populations by Spanish conquistadors and colonists. Even our American brothers poke fun at us for our peculiar mode of response, as when they call us by name — "Hey, you, Johnny!" (*oye tú, fulanito*) — and we reply, "*mande*" or "*mande usted señor*" (something like, "you're in charge, sir").

Which suggests the relevance of Geert Hofstede's indices analyzing a variety of socio-cultural patterns. Intrigued by leadership styles, interactions between teams of workers, and boss-subordinate relationships in different countries, Hofstede conducted a transnational research project on distinctive cultural forms and behaviors. Designating a numerical valuation, Hofstede assigned lower numbers to cultures in which individuals treat each other, and expect to be treated, as equals, and higher numbers to cultures in which individuals treat each other, and expect to be treated, distinctively based on a variety of cues and contexts. For example, Hofstede assigned index qualifications of 49 to Argentines and 39 to Canadians 39. Mexicans, who highly regard authority figures, he indexed at 81 — a methodology that appears to objectively confirm the observation that Mexican subordinates respond with less directness to superiors, and would likely consider Canadians disrespectful in their manner of addressing authorities.

In addition to individual and cultural aspects of blindness, psychological aspects also prevail, including perceptual and behavior traps related to propensities for faulty judgment configured during evolution of the human brain, which may be distinguished figuratively into reptilian, limbic, and cortical dimensions that impart and drive unconscious patterns of thought and action directed toward an habituated "comfort zone." Deviation from this spectrum of "default" behaviors expends and even exhausts adaptive energy through dissonance and stress. Which is to reiterate that humans, to some considerable degree, privilege perceptual and behavioral "certitude" and inhabit a kind of "lazy brain" existence set to relative ease, a kind of pattern stasis, and behavioral repetition.

D. *And Still More Blindness*

Of all the astounding discoveries of the 20th century, perhaps none proves as decisive as that of the subconscious, this element within each of us that apparently influences decisions, or even makes them, beyond our conscious awareness. Freud posited the subconscious as manifestly expressed through our dreams, demonstrated in our mistakes especially as grandiose and self-sabotaging acts, and in reactive and habitual behaviors unacknowledged and often deemed impossible by their performers.

While by some highly criticized, Freud's theories persist as accepted wisdom in modern thinking and curriculum. Indeed, Paul J. Whalen, a professor of psychological and brain sciences at Dartmouth, affirms Freud's central contention that "most of what we do every day is unconscious; life would be a chaos if everything was there in front of our consciousness". While this appears to confirm the complementary proposition, become a virtual cliché, that humans employ a mere 10 percent of potential brain

perceptual and processing power, Harvard social psychologist Daniel M. Wegner in *The Illusion of Conscious Will* presses further. Insisting that our notions of conscious free will amount to little more than an illusion "after the fact," Wegner claimed that humans utilize a mere five percent of conscious awareness, which essentially witnesses the preponderant 95 percent of unconscious actions — and even that only in retrospect, the mechanism by which we attribute our sense of intentionality. By contrast, Luft and Ingham's Johari window, as discussed in this study's third chapter, explains our divided consciousness in a simpler way, segmenting the human psyche into four quadrants: the conscious ("I know me, you know me") the private ("I know me, you don't know me") the blind ("I don't know me, you know me"), and the unconscious ("neither you nor I know me").

In synthesis: Freud explains the psyche as an a amalgam of childhood influences; Jung proposes deeper energies arising from a collective unconscious; Alfred Adler focuses on compensation and quest for power; Viktor Frankl privileges a search for existential meaning; Albert Ellis visualizes consciousness as a convincing internal discourse; Fritz Perls maps psyche as a mix of perceptual processes of "opening and closing" loaded with anxiety, motion, and resolution.

A customary *vox populi* explanation in Mexico for someone's incomprehensible behavior informs the phrase "*el complejo va por delante*" — that is, "the complex goes ahead." Even the brightest and "most aware" person exhibits irrational behaviors that reveal their psychological complex. And, regardless of education and talent, a psychologically unstable and erratic person — particularly one living in repression and denial — proves a headache for associates, and a detriment for any company promoting its brand.

We must remain mindful, in a business environment, of Freudian defense mechanisms, which can sow destruction, particularly among those disregarding the complexity of psyche and attempting to over-simplify it, not the least because illusions of control prosper through simplification. Any organization builds its sustainable success with managers adept at inter- and intrapersonal relations. Without robust skills of communication and interaction with others, and without skills of self-reflection, any company struggles to advance.

Most entrepreneurs and executives pursuing careers in business gain expertise in finance, law, marketing, information systems. Yet many experience crippling debility and existential confusion amid organizational and personal crises such as market erosion and symptomatic onset of anxiety and depression. Because so many business adepts cultivate skills dismissive or unaware of emotional literacy, they persist in and suffer from habitual patterns ("work and more work"), uncertain of what to do, how to resolve, where (or to whom) to turn. In this scenario, work itself becomes rationale and excuse, a perfect justification for persisting in patterns in an attempt to remedy their consequences — that is, a perfect camouflage for a vicious circle soon spiraling to its infamous result: *la surmenage*, the breakdown, the burnout. Or, as simply described by country people, "He was under pressure until he thundered."

Before the thunder crashes and lightning strikes us, better to survey — and thus make as conscious as possible — our defense mechanisms.

1. Defense Mechanisms and Related Phenomena

Half a century ago, social psychologist Leon Festinger and two colleagues infiltrated an apocalyptic group convinced that the world would end on 21 December 1954. Their leader (Dorothy Martin of Chicago, portrayed in the study *How Prophecy Fails* as "Marian Keech" of Detroit) claimed to receive messages from "The Guardians," an entourage of superior extraterrestrial beings from a planet "Clarion," that detailed an incipient global flood and promised to rescue her flock at midnight on 20 December via "flying saucer." This group, "The Seekers," fell into two cadres: cautious believers who waited on events, and committed adherents who left jobs, sold homes, and expended savings in anticipation of their ascension.

Festinger sought confirmation of his theory that cautious believers, those awaiting the end of the world locked in their homes with little hope of salvation, would lose their faith in Martin, while committed adherents, those dispossessing their lives in certainty of their rescue, would increase their faith in Martin. Yet when her doomsday deadline passed, Martin proclaimed a new vision to her followers: "The world has been saved, and powerful is the word of God; there has never existed such a force of good and light as now flows in this room" — that is, anchored in the world by her followers. The group moved from doomsday despair to salvational euphoria: far from abandoning their apparently discredited leader, The Seekers adhered more strongly to their apocalyptic beliefs — and began propounding them with still greater fervor, announcing the "miracle" to news agencies, accosting locals to evangelize them to their views.

This phenomenon of confirmed adherence to belief despite its disconfirmation Festinger named "cognitive dissonance," which he defined as a state of tension within

persons attempting retention of two psychologically or factually inconsistent cognitions (ideas, attitudes, beliefs). Perhaps the classic example of this tension remains the recalcitrant tobacco smoker who declares both "I smoke a pack a day" and "Smoking could kill me." While cognitive dissonance produces sufficient discomfort to impel us to resolve it, that discomfort most often results in a deflective illusion: rather than relenting from smoking, the smoker convinces herself that it prevents weight gain or affords her no harm.

The applicability of cognitive dissonance to our discussion of decision-making in business appears clear from examples throughout this study: faced with information or experience contrary to our ambitions or self-image, we often contort our perceptions to affirm our entrenched position or belief; when we realize that our ineffective decisions generate poor results, we justify them by allocating blame to external forces beyond or interfering with our control, and seek confirmation from those vested in affirming us. This in turn regularly triggers a further paradox: the greater and even more obvious an error, the greater (and even obvious) our effort to explain it away. Think of the sunk-cost fallacy, in which we feel compelled to increase our investment in a failing enterprise or inadequate device because of its exorbitant initial cost or subsequent maintenance. In other words, while we may allow correction for slight or minor errors, we magnify our effort to retrieve errors of scale (and visibility) in part to avoid an implicit admission of fault (responsibility) and in part to preserve our sense of personal skill (competence).

Our impulsion to resolve the discomfort of contradictory, dissonant beliefs spurs not only deflective illusion but the equally avoidant (if largely unconscious) "confirmation bias." Another of the psyche's potent capacities to distort perception selectively, this

power works toward reducing or eliminating cognitive dissonance by reinforcing entrenched attitudes: new information (however erroneous) consistent with our beliefs serves to justify and validate our position ("This is what I have always said."), while new information (however accurate) contradictory to our beliefs suffers our dismissal and deflection as flawed ("That cannot be true."). Our psychological need for consonance, for the absence or alleviation of dissonance, rises so powerfully that it often mitigates or even overrides countervailing evidence to our entrenched notions and prejudices, typically through such mechanisms as denial, criticism, deflection, contempt, distortion, dismissal, or outright disdain, as when emotionally charged argument overwhelms mutually shared discussion.

Recent neurological studies, aided by computerized axial tomography (CAT) scans, indicate that cognitively rational areas of the human brain essentially retreat during encounters with dissonant information, yet emerge in a kind of mild euphoria in states of restored consonance. In effect, this suggests, the human brain prefers self-deception (or, perhaps more accurately, self-*confirmation*) than confrontation with disquieting or discomfiting experience and information — that is, humans may well be neurologically predisposed ("programmed") to eliminate psychic dissonance in the immediate term even at the cost of medium- and long-term pragmatic interests.

We might suggest, as among the most extreme examples of this self-deception, the justification of and devotion to Adolf Hitler exhibited by the majority of Germany's population unto death, often their own and ultimately his own. The cognitive dissonance of the Nazi's unrelenting prosecution and glorification of a war of aggression turning sour and draining the resources of the nation amplified with Hitler's every step deeper

into his entrenched and projected pathologies and self-deception. And both pathology and deception amplify and entrench further when made collective, as when one party (say, a visionary leader and his group of managers) convinces other parties (say, a company and a nation of troubled workers and suppliers) to stoke a spiral path of deluded and hubristic certitude that nullifies dissension, question, opposition.

Again, the applicability of cognitive dissonance to our discussion of organizational psychology and decision-making in business appears starkly clear from these examples, and others throughout this study.

2. *Enantiodromia* in the Business World

As introduced in this study's first chapter and elaborated in our second chapter discussion of the myth of Icarus, Jung's notion of *enantiodromia* delineates the structure and manifestation of contradictory beliefs and polar positions, and our tendency to swing between them, and thus deserves ample quotation:

> The struggle between the opposites would persist in this fruitless way if the process of regression, the backward movement of libido, did not set in with the outbreak of the conflict. Through their collision the opposites are gradually deprived of value and depotentiated. This loss of value steadily increases and is the only thing perceived by consciousness. ... On account of the inhibiting influence which the conscious exercises over the unconscious, the unconscious values assert themselves at first only indirectly. The inhibition [or "censor," per Freud] to which they are subjected is a result of the exclusive directedness of conscious contents. The indirect manifestation of the unconscious takes the form of disturbances of conscious behaviour. In the association experiment they appear as complex-indicators, in daily life as the 'symptomatic actions' first described by Freud, and in neurotic conditions they appear as symptoms. (*CW* 6: 33-34)

Since such “psychic factors,” as Jung further notes, “are for the most part unconscious increases,” they typically, perhaps inevitably, “gain influence over the conscious mind” (*ibid.*)

Thus, as Hillman cautions us in *Re-Visioning Psychology*, we ignore our inner personifications at great peril, for the consequences of neglect often prove severe.

> An axiom of Depth Psychology asserts that what is not admitted into awareness irrupts in ungainly, obsessive, literalistic ways, affecting consciousness with precisely the qualities it strives to exclude. … Thus we are more obsessive and enslaved by the sublimated forms of culture than by the original metaphors. We are more pornographically sexualized than our sexuality, more aggressively power-driven than our ambition, more hungry and dependent than our needs, more masochistically victimized than our suffering requires. (46)

3. One-Sidedness

A one-dimensional company applauds itself for possessing the Holy Grail, the magic wand, the alchemist’s secret formula. And thus lets its guard down to one day awake bereft of its mystic relic, its font of power, like Merlin awakening within an entrapping crystal cave.

Terrible bewilderment ensues when a company’s formula for success fails. Top management puzzles without solution, waxes its anxiety into annoyance, searches for culprits. In this way, a company ripens toward identifying and damning scapegoats and black sheep. And, as the pogrom gains momentum, dismissals of personnel turn the company’s climate hostile. In the aftermath of such a “housecleaning,” the company typically reacts by returning to its formula, now declared sound when effectively managed. Redoubling its efforts — much as the United States’ recent “doubling down” on its failed Middle East military adventures in Afghanistan and Iraq — such a company

blinds itself to its own hastening of its fall just at the moment when assessing the challenge with dissenting or fresh perspectives and deploying other approaches becomes imperative. That is, such a company blinds itself just at the moment when the conditioning reflex of adherence to diktat formula, which leads into the complacence and hubris of familiar roles on familiar ground, must be avoided.

And how may a company avoid this trap of one-dimensionality? By engaging the double mission of optimizing its current operations and procedures (with reference to those perspectives dissenting from the status quo) and allocating resources to exploration (with reference to deploying other approaches). In other words, a company facing failure must realize that its single-minded pursuit of strength also sows seeds of weakness; that its immediate enactment of initiatives designed to reconcile opposites (such as new metrics and compensation plans) also opens avenues of recovery; that its diligent assignment of concrete tasks identifying new vectors also reorients its from past practices toward revitalized perspectives.

Which is to say that a revitalizing company both ratifies itself in its proven *métier* and ventures into innovation with incremental, concerted forays. While the company maintains its core operations, it pursues, nurtures, develops fresh operations with judicious injections of resources, financial and materiel.

Then comes patience and perseverance. Of course, any company most readily aborts new, unproven projects, those with less investment, fewer known returns. Yet the cost of impatience mounts as it sends messages of pessimism ("Why even try?") and discouragement ("Change threatens stability.") through the organization, and thus immunizes it against initiative. A company that eliminates "problematic" projects in their

initial stages sacrifices its means of learning. Companies devise innovative projects — call them, “research and development” initiatives — not necessarily for their own sake, but as a developmental process, sometimes tentative, often provisional, that yields knowledge as well as potential products. As with the market, innovation speaks to the attentive listener, yet also requires active participation.

E. *Serendipity, Business Dynamics, Timing, Opportunity*

Any belief or action or conception casts its dark side, the unavoidable complement to light. Just as humanity once privileged a terra-centric mindset (remember when the sun revolved around Earth?) then recognized heliocentric fact (observation proves that Earth revolves around the sun), we now act out egocentric attitudes (all revolves around me, or you, right?). While during the millennium of the Middle Ages humanity attributed all creation and happenstance to divine will, we now — almost like a revenge, or as a compensatory deployment — attribute all agency to ourselves (don’t forget: I am responsible for all; if I work hard to get what I want, I get it. Right?).

To believe, as did the Ancient Greeks, in predetermined destiny seems preposterous in our modern “scientific” civilization, which, after all, produces everything — anything — we could need courtesy of our vaunted Industrial Revolution; which challenges gravity courtesy of human-devised (not divinely-given) flight; which walks on the face of our moon.

Yet our egocentric orientation often impels ego inflation. For instance, we habitually overestimate effort and underestimate luck. Our belief that things depend on our agency certainly lends us impetus to think big and blaze new directions. It can also excessively burden us and influence our judgment, and precisely toward the hubris discussed in this

study's third chapter (remember Icarus). An inflated ego ("I am the definitive variable.") instills arrogance ("My success is all mine."), hampers the apt humility that recognizes other forces contributing to and affecting ourselves, our colleagues and allies, our competitors, the business environment specifically, and the large market system generally. That is, an inflated ego misleads us from reality.

In the midst of this paradigm of self-determinism reside powerful dissenting voices. There stands Sigmund Freud, who proposes psycho-sociological determinism (we each comprise our own environment). Over there stand Harvard's Steven Pinker and Daniel Wegner: the former defends biological determinism (we each conform to our genetics) and the latter asserts unconscious determinism (we each cognate a mere five percent of our activity, he insists, and construct a retrospective illusion of rationality assuming credit for the unconscious 95 percent of our activity).

Each of these determinisms contradict, of course, our entrenched sense (perceptual and ideological) of self-determination, which holds preposterous the proposition (however determined) that our choices run on potent, predominantly unconscious propensities of brain chemistry and psychological patterning. Which is to say, perhaps not quite preposterously, that we each evince and enact and enjoy much less independence of "free" will" — or spirit, or thought, or choice — than we each believe and hold true.

In business, as in life, we must insert additional considerations: market environment and opportunity, timing — and luck. Any value proposition must find its relevance in the market. A company proposes; the market disposes. While persistent effort and diligent perseverance matter, no factor excels the necessity of timing, of "getting it right" at an

appropriate moment. No degree of effort proves more decisive than a value proposition greeting its ripe moment. Many successful leaders and managers dismiss belief in luck — until they fail despite ingenious designs, superb plans, enormous efforts.

Perhaps this explains, somewhat, why so many successful companies tolerate ineffective management and decisions, at least for a time. Yet since "all" depends on more than a leader or management team; since market forces run their own courses beyond the best-laid plans of men or managers; since dynamics and patterns impress events with a life all their own; since we each of us and all our decisions and actions stand embedded in a mega-system of interactive parts of astounding complexity: then our best-laid strategy entails discovering, anticipating, perhaps at times even inducing emergent opportunity.

Think of the surfer intent on riding the best waves, as illustrated in this study's preceding chapter. The effective — the *successful* — surfer identifies the apt wave at the apt moment to approach it and mount it and ride it. The surfer places herself in a vibrant environment with viable opportunities then awaits the moment to apply her tactics, talents, strategies. In this respect, she creates no waves, but rather — discovering, anticipating, meeting emergent opportunity — exploits environmental events, effects, with spontaneity. Again, the point of this discussion, then, entails *the administration of opportunity*, the divine breath of business strategy, the seminal inspiration of every business organization.

Like all things divine, opportunity sometimes emerges through luck, the alignment of circumstances by happy accident that we call *serendipity.* Defined as a beneficial occurrence or felicitous development of events by apparent chance, the word derives

from art historian Horace Walpole's 1754 extrapolation from the title of an old Persian fairy tale, "The Three Princes of Serendip." An old place name for Ceylon, itself an old place name for Sri Lanka — a name deriving from Arabic *Sarandib* adapting Sanskrit *Simhaladvipa* or "island where lions live" — Serendip describes a land in which the heroes, Walpole wrote, "were always making discoveries, by accidents and sagacity, of things they were not in quest of" (Merton 1-2). This notion of serendipity as the purest form of luck runs throughout humanity's quest for scientific innovation, from Archimedes' famous second-century B.C.E. "Eureka!" moment to Alexander Fleming's unintended discovery of penicillin (1928) to Percy Spencer witnessing the basis of the microwave oven (1945) to Spencer Silver's intuiting the Post-It Note (1968).

The challenge, then, constitutes sensitivity to the moment — to the market environment's receptivity to a value proposition, to a value proposition's relevancy to the market environment: to witness, recognize, and decide "*This is*."

That said, the best-laid question for any company may well be, "How open are the eyes of our entrepreneurs, executives, and managers?" — to reading the market environment, to applying lucid analysis to dilemmas and opportunities alike, to effectively parsing information toward optimal judgments and decisions. Put the opposite way, per our discussion of unconscious psychological patterns, "How taken are our entrepreneurs, executives, and managers by their psychic complexes?" — by their personal demons or hubris, or their denial or ignorance of the decisive role of unconscious behaviors.

1. My Other Me

Consider happenstances around Bernie Madoff. Once a successful stockbroker, investment advisor, and financier, once a non-executive chairman of the NASDAQ Stock Exchange, for at least a dozen years the master of a Ponzi scheme grown into the largest financial and accounting frauds in U.S. history, now a felon convicted on 11 counts, and imprisoned since 2009 for 150 years, the maximum sentence possible. Think of circumstances that drove this accomplished money manager to commit a $64.8 billion fraud. Wonder at the wealthy man, respected and even celebrated in international financial and social circles, beloved by an apparently stable family, absconding with the savings and investment capital of thousands of clients (Reuters *passim*).

Such incidences of individuals conducting double lives grow increasingly evident. Where stand exemplary businessmen and women, where stand successful leaders and even “regular” workers, there fall leaders, politicians, “normal” people committing reprehensible acts — just as if each exemplar carries and casts a shadow driving them, exhibiting more control over their behavior than their accepted (indeed, evidently projected) outward personas. Of course, the business world holds no monopoly on such incidence.

We also see idolized leaders in politics and religion, and in entertainment, revealed in contradictory public and private statements and acts, successful individuals engaging in acts of felony, adultery, pedophilia, or psychological abusiveness. We watch as national leaders the world over sentence thousands of young people to capricious wars. We watch as men described by neighbors as quiet and homey kidnap and enslave or execute or inseminate young children. We gasp as devoted housewives abandon or slay their

children, as nondescript students plan and perform mass killings at high schools across the nation.

Such horrifying acts, apparently commonplace, pre-existed modernity, in fact play throughout human mythology, legend, scripture, and history. On the contrary, they emphasize the potential of people — of every person — to commit crimes from compulsion, as if "possessed," regardless of their persona, whether because of personality or profession, circumstance or psychosis. Yet this apparent contradiction's easiest answer — blaming the devil, who acts as agent subcontracted to perform our shadow work — serves the game of denial, deflection, dismissal, avoidance, resistance. And plays directly into our resort to a false one-dimensionality configured with only righteous ingredients and, therefore, incapable of — and not culpable, responsible for — such "evil."

This purported contradiction's hardest answer: facing ourselves and acknowledging that we each carry and cast vices as well as virtues, that we each combine within us "the good and the bad," Saint and Satan, light and shadow, all simultaneously. Denying this contradiction, repressing it by dogma or belief, by ignorance or hubris, through moral certitude or ideological purity, means allowing — *guaranteeing* — its control of our choices, decisions, actions.

We remain blind to unknown parts within our psyche, subconscious or "automatic" elements that neuroscience, psychology, and other disciplines suggest participate in, steer, often determine our decisions and actions, and to a far greater degree than we commonly realize or understand. An unpredictable being, this Other Me dwells within and emerges in unexpected moments and with unexpected, and at times bizarre,

behaviors — as when intense anger irrupts through our “reasonable” intentions, as when we react extravagantly and disproportionately, whether negatively or positively, to stimuli. A psychological understanding of this “other self” — beyond its possible medical or organic explanations — suggests that the greater our repression and denial of a given characteristic, and the more rigid our lack of integration of it, whether deemed negative or positive, the more pronounced our compensatory lurch toward their unexpected expression.

Further, as science advances into robotic, cybernetic, and other technology supposed to augment human capacities, it enshrines metrical, utilitarian elements over the human dimension vested in our light-and-shadow psychic configuration, perhaps in reaction to the psyche’s bivalent abstract character. Or perhaps as an ultimate egoic defense mechanism against it.

In the interim, mental health practitioners and theorists offer rash diagnoses of Bernie Madoff, plumbing the *reason* for his *conducta* (conduct, or behavior), the ascendant label being sociopath: an individual gripped in antisocial behavior exhibiting a distinctive lack of empathy or responsibility; an individual vested in personal imperatives evincing a distinctive lack of consideration for implications or consequences, for others and often for themselves.

By all accounts, pathologies abound in the field of business, as a few infamous examples (all from the most capitalist society in the world, though such incidents occur worldwide): Dennis Kozlowski, who as CEO of Tyco International granted himself $81 million in unauthorized bonuses, among other misdeeds, and garnered more than six years in prison; Michael Milken, who as “junk bond king” with the now-defunct Drexel

Burnham Lambert violated U.S. racketeering and securities laws, and received sentence to a decade in prison; Arthur Andersen, who as one of the five largest American accounting firms "cooked" audits of notoriously bankrupted energy giant Enron, lost its license, and persists as a mere holding company (though company components spun-off as Accenture now stand as one of the largest multinational corporations in the world); and Frank Quattrone, who as technology investment expert for such eminences as Morgan Stanley, Deutsche Bank, and Credit Suisse, earned an estimated $120 million annually, weathered unsuccessful prosecution for impeding government investigation of Credit Suisse, and founded mergers-and-acquisitions investment banking firm Qatalyst Group.

Extreme materialism. Personal trauma. Unresolved complex. Undeveloped spirituality. Management errors. And so on. How may we explain the emergence in our leaders of the Other Me? Perhaps as the signal byproduct of the complexities of human nature. Perhaps as the unavoidable consequence of this particular civilization's particular expression of human nature.

But though our diagnoses of business entities as complex and systemic organisms much like the humans who create and conduct them rings relevant — not the least in detailing the character of a company's internal and external relations — such diagnoses in the business world too often defer to the modern tyranny of corporate metrics, to a subordination of environmental sensors to administrative formulae. In this environment, the "hard" metrics of the left hemisphere (tangible measurements, scientific method) trump the "soft" metrics of the right hemisphere (intangible measurements, qualitative methods, decision-making).

The prevalent method today for measuring business performance and viability remains the Income Statement and Balance Sheet. This system, couched in the medieval system of debit and credit employed for five centuries, remains the cornerstone of bookkeeping, with scarce revision toward accounting for our era's emergent understanding of resource depletion and global corporate extortion. Profits comprise the centrally important metric of this system, and thus all companies obsessively track profit, cash flow, balance sheet. While commendable and necessary, such accounting rarely measures, if at all, such decisive factors as expansion or diminishment of client base; satisfaction and complaint, or referral rate, of customers; engagement and motivation of officers and employees. That is, the psychic character of decision-makers — the clarity of their decision-making processes; the relative integration of their complexes such as ego-inflation and confirmation bias — remain utterly excluded from the company portrait.

2. Undervaluing Talent

Means of measure and modes of metrics influence our capacity to see, our relative blindness; further, they often determine our decisions to pursue, our relative initiative.

When pathology overloads our avenues of assessment, it leaves us beyond hope; when opportunity overloads our senses of proportion, it slips through our fingers.

A company's human sensors provide the transrational ability to read and interpret information from outside and inside, from the market environment and the company's own psyche. Such human talent must factor into the management equation of any business. Consider the timeless Sufi-inspired tale of the drunkard winding his way home in the morning's wee hours. Lurching from his car, he drops his keys and, anxious about attracting his wife's attention, searches from them frantically. Then a pre-dawn jogger

happens by, offers to help in the search. But no luck. Vexed, the jogger asks the drunkard, "Are you sure you dropped your keys here?" The drunkard answers, "Well, no. I dropped them over there. But it's pitch dark there; here the streetlight shines."

In addressing and remedying the blind side of management, we must recognize that performance depends on one's preparation: doing well or not depends on one's calculations. While most tally the visible, they ignore the invisible that, as demonstrated throughout this study, determines the majority of decision, action, result, future.

If one element in decision-making maddens the individual or the company more than measuring wrong facts or calculating irrelevant factors, that element must be missing right facts or miscalculating relevant factors because we neglect to acknowledge their validity and potency, perhaps even their existence.

Even with businesses emphasizing metrics, they undervalue talent. And when we discuss business as an *interpretive* art, one reliant on insight into market conditions and opportunities as much as on effort and organization, we recognize a company's necessity to consider the breadth and magnitude of its talent base, to affirm and discipline and direct it, to mitigate its discouragement or migration.

Openly ignored or consciously embraced, the individual and company psyche remains a decisive variable in leading and managing any business. Yet the individual and collective psyche of decision-makers remains largely ignored, discounted, even sneered upon in modern business management. Thus, a re-visioning of *mindset* suggests itself as the crucial adjustment or change any management team brings to a company.

3. Blocked Business Sensors

When a company's human sensors atrophy, their failure impels a shutdown of the system, a swamping of its reservoirs of enthusiasm, *esprit de corps*, libido. Then we see the onset of that "split" in personality between consolidation and expansion, between administration and innovation: a polarization that activates defense mechanisms, which, reinforced, accelerates entropy. Fixation on success impedes the fine-tuning of senses, breeds a conservatism of approach that fuels complex, repression, inhibition even as it intends preservation. And failure takes root. The extroverted entrepreneurial competencies required for instigating a business retreat within the introverted administrative competencies demanded for managing the company. The battleground for supremacy beckons.

Think again of Icarus, who wore wings held together with wax to fly and escape from an island, yet flew so high that the sun melted his means and he fell from the sky to his death. As mythological metaphor, the story of Icarus speaks of many things, including the moral that progress always comes at a cost. Icarus' fall came with his escape: one cannot advance without some degree of vulnerability, exposure to new circumstances. Another angle on this perspective suggests that one cannot win a thing without losing something else, and that one losing a thing wins, however consciously, something else.

4. Leaders and Institutional Failure

Historical determinism holds that leaders create their times. Tolstoy disagreed, and ridiculed the "Great Leader" notion of history, arguing that historical forces and patterns beyond our control imprison even heroes. From the perspective of the great author of *War and Peace,* power offers itself to individuals in defined stages through variables of

environment. Thus, particular moments, eras, situations, and circumstances favor particular individuals; an effective leader under certain circumstances (consider the American Civil War's masterful Union general Ulysses Grant; consider Winston Churchill's indomitable leadership of Britain during WWII) flounders under different circumstances (think of Grant's desultory administration as U.S. President; think of Churchill's incapacity to maintain a post-war majority in Parliament).

In the instance of Grant, as with many American Presidents with see-saw reputations, a curtailed or an extended administration may well have yielded radically different results. Similarly around the world, as with Carlos Menem of Argentina, who followed significant achievements by overstaying his credibility; Alberto Fujimori of Peru followed the same pattern, from credibility to corruption; Hugo Chávez of Venezuela, who rode a wave of social reform into an unsustainable economic policy.

Boris Yeltsin of the disintegrated Soviet Union emerged as the catalyst of a new Russia, essentially taming the unrest awakened with his predecessor Mikhail Gorbachev's *glasnost* ("openness") through a combination of eloquent speeches and effective spectacle, such as riding atop tanks. On the other hand, Yeltsin proved erratic and absent, and his retirement proved a matter of pragmatism as much as of choice. Having managed Russia's political transition, Yeltsin faltered in the next phase of consolidation, hiring and firing seven Prime Ministers; summoning six national elections; dismissing his cabinet *in toto*. Yeltsin also weathered five heart surgeries, four credit negotiations with the International Monetary Fund (IMF), three monetary crises for the Russian *ruble*, two disastrous wars in Chechnya, and multiple accusations of favoritism extended to a small group of business friends. And then his regime toppled: "Mr. Yeltsin

created a tinderbox of confusion, a fever of dismissals of officials in the middle of the night, capricious presidential decrees, impulsive retroactivity of government policies, and rioting comings and goings to hospital" (Andrew Higgins & Steve Liesman).

For Mexico, the era of Porfirio Diaz's seven terms as President (three and a half decades between 1876 and 1911) ushered in prosperous living standards and growth, economic and social stability, investment and purchasing power. That said, this lion of capitalist expansion and villain to social revolutionaries presents an anachronistic figure to our era. For Chile, the era of Augusto Pinochet's dictatorship and military command (two and a half decades between 1973 and 1998) continues enflaming opinions and emotions. While many revile him for ending civilian rule and instituting a brutal autocratic regime, still others laud him for stabilizing social order and assuring a robust if unequal economy. Which suggests, again, that circumstances and context spur the hero, and determine perceptions of his essential magnificence or monstrosity.

Private business offers as many examples. For instance, Lee Iacocca vitalized Chrysler with the convertible and the Mustang, then led it away from bankruptcy, published two books (one a bestseller), parlayed his celebrity into appearances on several magazine covers, directed the Reagan-era refurbishment of the Statue of Liberty, even pondered a candidacy for U.S. President. Yet even this titan of business evinced the variability of effective leadership. In *Behind the Wheel at Chrysler,* business journalist Doron Levin accuses Iacocca of immense ego and questionable managerial skills. For example, he writes, having steered Chrysler back to solvency, Iacocca sailed it back into trouble with ill-considered investments in aviation, and, having left the company, attempted its hostile takeover — a move many perceived as a kind of monarchical move

to recover a throne. That said, perhaps Iacocca's charismatic personality and high-profile leadership served Chrysler best in its moment of crisis, and faded in the aftermath of consolidation.

The glow of George Fischer, the hero of Motorola and father of the famous Six Sigma quality program, faded during his leadership of Kodak. Jan Carlzon, savior of Scandinavian Airlines (SAS) and instigator of the customer-care concept of "Moments of Truth," brought SAS back to the brink of bankruptcy.

Before deeming a leader "good" or "bad," we must pose a crucial puzzle: a leader to whom and for how long, under what settings and for what phase, for what purposes and with what resources?

5. Common Pitfalls in Business Decision-Making

In this study's fourth chapter, we discussed several institutional "traps" awaiting the misplaced feet of an unconscious company: the founder's trap (*trampa del fundador*), the trap of age, the trap of excessive focus or defocus, the trap of expansion and growth, and the trap of the surfer. Given this fifth chapter's discussion of energies and sensors within a company, we offer illustration of a few more such institutional traps.

- The Trap of Familiarity. Ascribing benign and beneficial qualities to familiar environs or behaviors, we anoint them as "better" and "safer," however irrational or subjective: "Better the devil we know than the devil we don't" (*más vale malo conocido, que bueno por conocer*). As discussed earlier in this chapter, researchers at the University of Virginia report that more than 11 million pieces of information bombard us at any given moment. Familiarity plays a crucial role in our necessary discrimination of attention amidst that welter of stimuli, avoiding overload through routines of thought, feeling, and action.

- The Trap of First Ideas. Related to the trap of familiarity, the trap of first ideas contains us within initial purposes and seminal ideas: the genius and choices of *before*, as during a company's founding and initial successes,

trumps the genius and choices of *now,* as during a company's consolidation or later expansion, as if precedence alone confers validity.

- The Trap of Consistency. A manager or company focused on mere consistency cleaves to prior decisions, and accounts further considerations settled, often expending great effort to justify and reconfirm its choices.

- The Trap of Acceptance. When a leader or manager focuses on position within a team, or a company focuses on status within a market, both approaches privilege choices centered on acceptance or admiration, a misdirection of energies and resources to effects rather than causes of success.

Our discussion throughout this study leads us inexorably to a perhaps simple yet profound conclusion: the *sine qua non* for offering and receiving critical feedback and suggestion in the world of management must be psychological maturity, that extraordinary personality capable of an exemplary balance between self-criticism and self-esteem. Thus, our efforts to devise sound decisions without polarizing familiar patterns requires that we investigate and collaborate with the psyche, its energies and its complexes. This discipline furthers our insight into strategies of project valuation and managerial accounting.

6. Psychic Energy Applied to the Business Model

This study applies psychological notions of unconscious shadow complexes to the structures and strategies of management, with emphasis on psychic energies deployed or disdained in that field. By way of example, we distinguish the healthful (or conscientious) company from three other types, with telling illustrations of their specific energies in action: companies exhibiting effects of anorexia, cannibalism, and polarization (*polarizado*).

In an environment of tightening economy, as consumers postpone and sales slow, a company must reduce costs in proportion to revised revenues or face bankruptcy. Yet such an effort requires surgical care, lest a company paring fat also slices muscle. Invoking metaphor, we may describe the psychic energies of companies facing diminished sales according to one of four types: conscientious (*empresa de conciencia*), a company committing itself to fitness through a regimen of simplified diet and amplified exploration; anorexic (*anoréxica*), a company losing appetite and impetus; cannibalistic (*caníbalesco*), a company eating itself; and polarized (*polarizado*), a company declaring war between its component parts.

Perhaps IBM (née International Business Machines) serves as our most famously successful example of a conscientious company re-engineering itself for survival and expansion. Having dominated its field for decades, IBM suffered considerable losses in market share to burgeoning technical innovation, and by 1991 dismissed 63,000 employees — just a beginning. Through two more painful years, CEO Lou Gerstner initiated and executed an organizational redesign around flexible teams and multiple functions, reoriented IBM's position within targeted segments of the market, reconsidered the company's various value propositions, and supervised a trailblazing advertising and public relations campaign.

By contrast, the North American automakers may serve as our most infamously reckless examples of anorexic and cannibalistic companies. First, definitions.

The term "anorexia" derives from the Ancient Greek *an* ("without") wed to *orexis* ("appetite" or "desire"). Thus, an anorexic company may begin correctly facing reduced revenues by lowering costs yet runs to disproportionate excess. Obsessed with cutting fat,

una empresa anoréxica turns to slicing muscle, often unwittingly. Like a model hyper-conscious about her weight, such a company peers into a mirror of reaction and sees "fat" and so starves itself into weakness, losing strength, vitality, and, worst, enthusiasm.

Etymologically, the word "enthusiasm" also derives from Ancient Greek, as discussed in this study's second chapter: *entheos* compounds "*en* or "in" and *theos* or "god" as "divinely inspired, possessed by a god," and thus denotes the excitement and vigor of divine presence or possession. From this perspective, diminishment of enthusiasm suggests a tragic suffering "without God," without inspiration or joy.

In this state, an anorexic company transforms initiative to complacency: opportunities translate into risks, investments into expense. Having purged all operations, personnel, and resources but those deemed indispensible, an anorexic company starves itself, dispenses with its means of sustenance.

The term "cannibalism" arises from *caribal*, of or relating to the tribal Caribes of northern South America and the Lesser Antilles, to whom Spanish conquistadores attributed the practice of eating human flesh. Thus, a cannibalistic company devours rivals through fierce competition and fiercer acquisition. Yet a more desperate form of *una empresa caníbal* deserves special mention: a company that consumes itself for subsistence.

Having pared its costs without correcting sales growth or expansion, a cannibalistic company begins divesting, auctioning assets such as equipment and infrastructure, liquidating inventories. To live another day, a cannibalistic company consumes its "dispensible" parts.

And so to examples: the disproportionate, self-defeating strategies of *anoréxica* and *caníbalesco* find their greatest exemplars in the American auto industry.

Ford Motor Company announced cuts in 2006 of some 30,000 employees amid closures of 14 manufacturing plants over six years.

General Motors (GM) declared bankruptcy in 2009 after years of falling market share and downsizing, and witnessed its stock valuation fall to its lowest point in half a century. GM soon announced further workforce reduction (a staggering 20 percent) as well as suspension of dividend distribution for the first time since 1922, and sale of assets including such brands as Hummer, Buick, Pontiac, Saab, and Saturn.

With a market capitalization of $6.47 billion, GM ranks as 23 times less valuable than Japan's Toyota Motor Corporation, valued at $148.8 billion. Ford lists a market cap of $11.37 billion (13 times less than Toyota). At what point, and by what fortune or strategy, did Toyota outperform the giants of Detroit, systematically devouring their dominant market shares?

One answer — made infamous in Michael Moore's *Roger and Me* documentary — indicts GM Chairman Roger Smith, who in the 1980s answered GM's rapidly diminishing market position against Japan's rabidly competitive automakers by implementing an ambitious program to replace much of his human (and union) workforce with robotics. At a cost of $45 billion dollars, Smith's investment rivaled the estimated worth, at that time, of both Toyota and Datsun (now Nissan), GM's nearest competition. Yet GM continued, and still continues, losing market share. (Quinn Spitzer & Ron Evans).

A dizzying number of *a posteriori* explanations aim at deciphering the crisis in American auto manufacturing. Yet the problem never defied answer: consumer demand. More and ever more people enthuse over and *desire* Toyota, Honda, and other Japanese brands rather than familiar American brands. And not from mere fickle fashion. The market demonstrates entrenched demand for cars of greater fuel-efficiency and longevity, of cheaper purchase and maintenance expense. So much for vaunted management theories enshrining "planned obsolescence" and fire-sale purchase price to win expensive sales of accessories, spare parts, maintenance contracts. Which is to say that the problem rests in the numerator (sales and growth) rather than in the denominator (expenses and costs): the problem resides more in the quality and desirability of the value proposition than in the accounting of its expense in production. That is, success in the marketplace results more from what people think and do than from what managers think and do. Of course, this commends *responsivity* to the market environment through honed sensors over *reactivity* to its market conditions.

Considering a company that addresses diminished sales through polarization (*polarizado*), we may imagine a management team deeply divided by internecine disagreement as to policy, strategy, philosophy. Yet a more pernicious polarization within any company arises from bias.

Of course, we all tend toward bias. Indeed, left to our own preferences, each of us tends toward extremes of opinion or belief, the one-dimensionality discussed in this study's third chapter. Without counterweights (*sin contrapesos*) in information and practices, our biases unleash our most rigid propensities, obsessions, and compulsions, making each of us into our worst enemies, and often antagonists to our colleagues,

friends, and family. Without counterweights in opinion and approach, our perspectives and judgments skew. Dubbed “workshop blindness” in professional circles, this phenomenon earns the name “unconscious ego protection” in psychology, and the more familiar “blind side” or simply “denial” in colloquial terms.

Counterweights crash as sudden realities into the fixed beliefs and practices of the blind bias: a co-worker or manager who dares dissent; a crisis that shatters a comfort zone; a decisive challenge to the assumptions and rationalizations of a dominant paradigm.

By definition, counterweights generate confusion and discomfort — reorientation includes disorientation. Thus counterweights impel status quo reactions, conscious or unconscious, of vilification, nullification, dismissal, censorship. Trumps cards played against counterweights include money, authority, ideology, evasion, rationalization, persuasion, dogmatism, fanaticism, coercion, and blackmail, among others. Having deleted counterweights, a leader or manager succumbs to bias, the polarizing effect (*efecto polarizado*) of perceiving everything from a single perspective, a sole defining lens, and applying that singularity of vision to all circumstances.

The ego itself serves as the example *par excellence* of this effect. For though the ego aids us as a diligent problem solver, the ego views most circumstances as problems to be solved. Similarly, an executive committed to a biased, monocular imperative to lower costs and gain efficiency categorically understands and explains his company’s dilemma as a failure of frugality against expense. A leader or manager entrenched in a monocular emphasis on commitment categorically understands and explains everything from wars and bankruptcies to suicides and divorces as a lack of fortitude or stamina. An individual

enamored with a monocular religious belief categorically understands and explains both problems and solutions as an insufficiency of faith or good against evil.

Lacking counterweights, perceptions filter through bias, and thus emphasize evidence validating their core position, and thus reinforce themselves in a cycle of denial. Lack of counterweights certainly comprises one of the main causes of business failure. As illustrated throughout this study, sensors blinded by bias draw a curtain of entropy that leads any enterprise to ruin.

As discussed earlier in this chapter, Lee Iacocca, the famous rescuer of Chrysler, suffered excommunication for following the company's salvation with diversification into space ventures that courted bankruptcy. And Jan Carlzon, the lauded salvager of Scandinavian Airlines, earned exile for presiding over the reborn company's chronic decline in profitability.

Kim Woo-Choong, a South Korean celebrity in his time, founded Daewoo and guided it to rank among the largest conglomerates in the world. Then he declared his intention to grow Daewoo to "three times what everybody else would," drove the business to bankruptcy, and ended in prison. Even the acclaimed genius Michael Porter, a leading authority on competitive strategy and global economic development — the Bishop William Lawrence University Professor at The Institute for Strategy and Competitiveness, based at Harvard Business School — evinces an increasing defense of analyses and models he conceived decades ago, rather than an enterprising practice of complementary and innovate approaches and concepts. A huge waste of talent.

And yet a beautiful paradox plays counterpart to the blindness and entropy of bias: even rigidly monocular ideas sometimes achieve market success. Think of Ted Turner's

single-minded notion, denounced as insanity, of a single-minded enterprise: an all-hours channel of all-news, exhaustively. Consider Michael Dell's one-pointed vision, dismissed as foolishness, of multi-pointed channels of distribution: a general-purpose computer available for purchase through numerous avenues.

The rope tugs between forces of mono-perspective convergence and multi-perspective divergence. That is, between succeeding brilliantly and failing miserably: the monocular direction may lead to market success, yet must at some point incorporate divergence and heterogeneity to rejuvenate from entropic effects.

Therefore, homogenization in executives of perspectives and practices, and resultant lack of independent and countervailing advice and evidence, constitute the greatest danger to business: the ultimate blinding of the energies and sensors conducive to success. An unquestioned and unassailable "boss" grows hubristic at the moment he loses or refuses contact with *todo mundo le da por su lado*, the variety of perspectives and practices necessary to puzzling through dilemmas and finding effective decisions. Think of Dhritarastra, the blind king of the *Bhagavad-Gita*: insecure in rule and surrounded by affirming (and armoring) sycophants, he and his ministers watch in perfect complicity as his sons, the Kauravas trained in his complexes, defraud their cousins, the Pandavas committed to service, of the kingdom of Bharata or Ancient India.

Biased. Blind. And *arrogant*, that essential poison brewed by our belief that we ciphered a timeless secret, crafted a perfect recipe, codified the essential formula. When we decide that we "know everything" — by virtue of acquired knowledge or achieved success or accumulated "years of experience" — we inflate ourselves beyond further learning, beyond fresher understanding, beyond sustainability. Which, certainly, spells

the beginning of the end. Or, again, as Bob Dylan reminds us: “He not busy being born is busy dying.”

F. *The Canalization of Libido*

The effects of bias on decision-making in any field amount to a “canalization” of energies, of perception and conception and *libido* (the drive of life energy, however generally considered sexual because most readily perceptible and accessible through our instincts for intercourse). As Jung write in *Symbols of Transformation*:

> I used the expression “canalization of libido” to characterize the process of energic transformation or conversion. I mean by this a transfer of psychic intensities or values from one content to another, a process corresponding to the physical transformation of energy; for example, in the steam-engine the conversion of heat into the pressure of steam and then into the energy of motion. Similarly, the energy of certain psychological phenomena is converted by suitable means into other dynamisms. (41.203f)

But where Jung noted a dynamism, an interplay, of energies and objects, in business — as in all dogmatic thinking – we see this process operating as a containment of energies and goals, their channeling into specific ends or canals: an act of exploitative diminishment rather than of expansive fluorescence. Again, if thought and word parent action, then perception and bias parent decision. Note, as Jung outlines the process, his emphasis on humanity’s talent for turning perceived energies into effective constructs that appropriate power and employ it to our own ends:

> The transformation of instinctual energy is achieved by its canalization into an analogue of the object of instinct. Just as a power-station imitates a waterfall and thereby gains possession of its energy, so the psychic mechanism imitates the instinct and is thereby enabled to apply its energy for special purposes. A good example of this is the spring ceremony performed by the Wachandi, of Australia. (*ibid.,* 42)

G. *Scapegoats and Black Sheep*

You've heard the call, not always consciously or even verbally: *Who's to blame? Where is a scapegoat? We need a scapegoat. Find one fast, please. Someone we can make carry our shadow! Someone we can sacrifice so the gods continue to favor us! Someone we can vest with our sins and shortcomings to cleanse and purge them!*

Organizations as well as individuals require scapegoats — a position, figuratively, we may consider a common part of any organizational chart. As happens in families, groups of friends, work teams communities, countries, so with companies and corporations: a need rises, emergently, for some icon — person, place, problem — to bear the collective shadow, to serve as repository of deflected or denied defects and desires, to represent everything the group refuses to develop. A scapegoat (the ultimate black sheep of any family) becomes the object of attack — blame, shame, ridicule, contempt — for all qualities and faults the group must expel.

Expulsion: a crucial concept in understanding the sacrificial goat. As vividly portrayed in the Judaic scripture of Leviticus (16:8-10), the sacrificial goat (or lamb) "for the Lord" we offer in atonement for transgression, while the sacrificial goat (or scapegoat) "for Azazel" we set to wander into the wilderness, to carry away transgression. Indeed, the term "scapegoat" derives from Hebrew *azazel* (עזאזל), understood as "absolute removal" in connoting the fallen angel Azazel ("*the sent away*"), one of the leaders of the rebellion against Heaven that brought the witchcrafts of warfare and seduction to humanity (Wright 1:536–37). As apt a metaphor as we may conjure for the vilification of dissenters from, and entrepreneurs disrupting, the status quo.

The scapegoat metaphor functions and manifests as a form of shadow projection, that process by which the psyche expresses elements denied and repressed, or simply ignored and underdeveloped, by the ego. Potent aspects of our whole selves, such unacknowledged and unintegrated energies persist rather than disperse, coalesce rather than stagnate, as "uncharacteristic" and, of course, unconscious actions, often explosively.

Jung disciple Marie-Louise von Franz notes in *Alchemy* that numerous ancient cultures perceived projections as projectiles that "blow on[to]" people and stick — as in the Latin American notion of cursing someone with *mal de ojo* (an evil eye). Projection helps explain the rise and fall of pop culture icons and brands, and the continued reverence for and revilement of such figures as James Dean and Marilyn Monroe, Elvis Presley and John Lennon, Mahatma Gandhi and Mother Teresa, Vladimir Lenin and Che Guevara. It may also explain, somewhat, our celebration of Albert Einstein as much in popular photographs of him sticking out his tongue as for his monumental theories of physics.

1. Family Goats

The family scapegoat or "black sheep": that individual deemed an outsider for departing from family (or company) tradition and expectations or norms of thought and behavior. Often compared to the obedient and familiar "good one in the family," the black sheep bears the brunt of criticism, objection, exclusion. The explicit complex entails the tribalism of "us and them" in which the group perceives (and proclaims) itself a community sharing a common decency or purity ("good") either transgressed or disrespected, or outright discarded, by recalcitrant others ("bad"). Of course, as discussed

throughout this study, such projection — with fingers pointing! — rejects the shadow, pushes it away, vests it in external objects designed as much for derision and destruction and as for protection and empowerment of the dominant group.

Consider the value of the family goat: when in exhaustion or independence she walks away from the family, never again to contact them, she inaugurates a grand drama to chew or resolve, plays a demon figure to blame or save, acts as a custodian of tales to caution members against those dimensions of thought or feeling or action that the family rejects, fears to integrate.

2. Societal Goats

Societal goats embody the extremity of any fundamentalism. Consider those thousands vilified during the Inquisition, excluded for difference as much as dissension, castigated as "apostates" and "heretics" by aggressive architects of culture, cast into torture and quite often execution as "non-believers." Think of the modern era's anti-Semitism, European and North American Imperialism, various forms of religious evangelical zealotry.

Think also of our human propensity to idolize leaders of nations in moments of ascendency yet scorn them in times of difficulty: those "grey" (pale?) presidents of Mexico who complete their terms unnoticed while hard-working presidents, who win admiration for their initiative, who receive disproportionate blame as the seasons turn; Winston Churchill, fighting to the end "be it bitter or glorious," turned ignominiously from office during peacetime; Themistocles, savior of Athens from the second Persian invasion, exiled through the Athenian system of ostracism.

Von Franz comments on scapegoats and black sheep:

> Probably they are triggered because it is one’s own shadow that attracts the negative projections of others; when the energy of the shadow is released, it ‘takes possession’ of the person, and subjects the ego, forcing it into a collective role. As soon as the person is separated from the group, everything returns to normal.

As tangible vehicles illustrating unacknowledged attitudes and qualities of any dominant group, scapegoats and black sheep offer us a masterful means of understanding. In business, this includes a means for improving situational analysis and forging effective strategies. For when we contemplate our criticisms of an emergent scapegoat or an organizational black sheep, we hold keys toward revealing the structural dynamics of ourselves, our groups, and our enterprises.

3. The Good, the Bad, and the System

We tend to identify the familiar and “normal” as worthwhile and “good,” and the unknown and “abnormal” as questionable and “bad.” Yet off the known road, out in unfamiliar territory, blooms the domain of exceptional and extraordinary talent. Indeed, the “odd and different” hold kinship with the “ugly,” and the “originals” stand excluded, pointed at in ridicule. At least for a time. Probably first during their high school years.

That someone or something we perceive as “normal” (understood as statistically dominant: common and frequent) receives our acceptance as familiar, worthy, predictable — as “like us” as should be. Even Darwin’s theory of the evolutionary origin of species describes “the survival of the fittest,” neglecting the life and nature of the exceptional: the requirements of survival relate only partially, perhaps tangentially, to the characteristics of the extraordinary.

And just as average people prefer average people over troublesome and disquieting eccentrics or, worse, so-called “geniuses” (except, perhaps, as entertainers or historical

figures), so do administrative organizations prefers average (usual and proven) concepts and models over original (difficult and risky) ideas and propositions. Thus, the inherent design of most companies prefers and benefits average executives and average personnel. And, as a necessary consequence, produces average results.

Regardless of size, or even purview, administrative organizations activate a common systemic pattern of exclusion that manages, over time, the elimination of nonconformist, dissenting, eccentric, and extraordinary elements. The essentially bureaucratic systems tasked with maintaining the daily life of any organization inevitably set that maintenance, that administration, as its fundamental principle and purpose, its subsistence — quite apart from the revelatory idea or service or product that founded the organization, and almost entirely apart from any extraordinary individual (quite often including its own entrepreneurial founder/s) — and so these systems spin in the inertia of initial momentum, the seminal pattern that bore them, the formula of “what has worked before.”

An administrative system operates to control staff, not to free individuals and encourage their creativity; works toward harmonious and standardized career plans, not toward discovery and empowerment. Organizations hire “like-minded” or similarly credentialed personnel: people who think alike, opine alike, even dress alike. Of course, this homogeneity affords strengths in mutuality and consonance; and it sows weaknesses of inflexibility, and of conformity to a tyrannical shared pathology. In this scenario, the exceptional individual (the extraordinary eccentric, as it were) by definition disrupts the status quo comfort zone, and thereby immediately, necessarily, activates the complexes and defense mechanisms of established organizations and its human components. Think of the autocratic boss who justifies even his mistakes, and feels threatened at the

clarifying suggestions — or more effective solutions — of subordinates who quickly earn his ire as rivals, ambitious traitors, or assassins. The going remains ever complicated for the dissenter or innovator who "goes against the gods" of a company's systems and structures, who lacks devotion to its "sacred cows," the prevailing conversations and conceptual frameworks supporting the status quo.

Which is not to proclaim as "good" anything or everything "exceptional," but rather to recognize the frequency with which our systems and structures (and their administrators) discard as "bad" the exceptional, in a kind of reflexive dismissal of nonconformity: exceptional concepts and extraordinary ideas, unusual plans and unfamiliar visions. And, of course, exceptional people, the first in line as black sheep and, with worse luck, scapegoats.

Innovation, and the renewal it affords, requires a detachment from and even an opposition to the status quo. Innovation requires multifunctional visions and heterogeneous components. And innovation arises through extraordinary people and exceptional approaches that break everyday routines and rattle entrenched positions and threaten complacent managers. Thus innovation holds a tempestuous role — and, indeed, a tenuous position — in most companies.

Given due eminence in their alternating moments, stabilization (administrative control) and destabilization (innovative change) achieves proportion and balance, eve in contest. Further, this balance of tensions between oppositional forces generates energy — like electricity, which manifests from the dynamism of circulating, pushing and pulling, potentials. A company in which personnel exit every meeting in a congratulatory spin, slapping backs and holding hands, minimizing every friction or disagreement, courts (or

already embodies) apathy, conformity, collusion with a static status quo. Of course, excessive conflict proves as corrosive, yet the vast majority of dissension with organizations arise more from practical operations and political positioning than from dynamics of organizational growth.

In summary, any organization requires “normal” people tasked with efficiently managing routine operations and emergent challenges. Yet its sustained success requires “eccentric” individuals — a kind of raspy, irreverent minority — who speak truth to power, upset the status quo, and inspire the rejuvenating renovations necessary to growth.

Chapter 6 | Summary, Conclusion, and Reflection

A. *Understanding Success*

Success waxes endless, its dynamics unending. Then balance upends, the climate changes. A company wanders, out of sync, out of pace, ahead or behind. Again. To arrive, you must pay the piper (or, in more mythic terms: to cross the River Styx, you must render your coin to Charon), for upon arrival all bills come due. If not before. Success subjects a company to what we may describe as The Typical Success Story Arc, or "What Goes Up Must Come Down."

Dutch business theorist Arie De Geus, former head of Shell Oil's Strategic Planning Group, reports in *The Living Company* that by 1983 some 33 percent of Fortune 500 companies of the 1970s had expired through bankruptcy, merger, or liquidation. Another more recent study estimates the average lifespan of companies in Japan and Europe at 12.5 years, while the average lifespan of Germany's businesses has plunged from 45 years a few decades ago to 18 years today, from 13 to nine years in France and from 10 to four years in the United Kingdom.

Such American brands as DEC (Digital Equipment Company), Wang Laboratories, and PEOPLExpress, once prominent, decayed until extinct or absorbed by other companies. Others, such as IBM, Sears, and Microsoft stand bruised and battered from pummeling on various fronts. And a few industry leaders believed their brands could migrate to virtually any product, and discovered their mistake: consider legendary Listerine's stumbling expansion to toothpaste; beer titan Coors' failed foray into bottled water; condiment giant Heinz's disappointing segue into baby food; footwear king Adidas' quixotic marketing of cologne; blue jeans empire Levi's misstep into footwear;

fast burger monolith McDonald's *non sequitur* offering of pizza; photocopy originator Xerox's early debacle with computers — all famous brands not then and not now known for these products, deemed incongruous within their well-known profiles.

In Mexico and most of Latin America, the ranks of great captains of industry — essentially static, as the environment in this region stifles entrepreneurial evolution — dwindled after the series of trade agreements begun with NAFTA combined with recurrent economic crises. Others, driven out of their offices after foreign acquisition, laughed all (or most of) the way to the bank.

Reaching the pinnacle of the business world reaps massive profits, fulfills lifelong goals, holds pride-of-place in our culture. The aftermath of such attainment bears thorns. A company "on the way up" fuels itself on the fires of hunger and desire, the yearning to "arrive," to achieve success. Such passion feeds the corporate body, bestows apparent imperviousness to shortfalls, hindrances, enemies, competitors. Obstacles simply reaffirm the company's resolve, spur creativity, engagement, tenacity.

Atop the summit, with flag set and pinnacle claimed, the corporate body relaxes, seeks a kind of coasting rest, its fiery spirit quelled, its libido or life energy ebbing, perhaps draining away. The once ubiquitous Britney Spears and Lindsay Lohan feel that success fatigue, the doldrums of rarified mountaintop air. Inertial behemoths Microsoft and Coca-Cola feel it. Basketball legend Michael Jordan admitted his *ennui*. On the political level, world empires from Sumer and Babylonia to Persia, Greece, and Rome, to Spain and England, and now The United States, represent seminal historical moments that provide colorful panoplies of the birth and decay of nations.

The Fall of Empire, and business titans and great leaders, begins in the psyche, in the attitude of the system, the nation, the company, the executive, and in the decisions spurred by that attitude: the manner of navigation through the waters of circumstance; the character of relations within the terrain of activity; the quality of choices in the face of bias. The decline of success begins in the psyche — whether a manager (society or country or business) defines herself as warrior, builder, statesman, developer; whether any entity wins free of or succumbs to complexes; whether a visionary spurs the entity to progressive change for a cyclical renewal, something that must grow, or closes it with conservative adherence to a momentary status quo, something that can't last.

1. Precision and Diagnostics

Managing wealth and managing scarcity require different skills and character: serving as CEO of a business doing well differs significantly from leading a business going under. As discussed throughout this study, success itself, as a quality or phenomenon, remains rarely studied; most analyses address the path to success in retrospect, the state of success in mere portraiture, the causes of success in ulterior formulae — all subject to interpretive biases essentially unrelated to market factors. Partly because of this, recipients of success attribute it to their own genius and perseverance, then succumb to the myriad of distractions offered by success, and with them fueling their arrogance and complacency, focusing on banalities, politicking. In this void of clarity, success remains impossible to replicate (if some of its features may be imitated), and leaves in its retreat a host of confused reactions and assessments: as previously discussed, managers puzzle over next steps; assign their best people to tinker with structural or operational tunings

largely irrelevant to systemic issues underling viability; neglect detection of opportunities requisite to progress and evolution.

Humans tend toward corrective (or reactive) action rather than preventive (prognostic) attention. Recall Roger Smith, CEO of GM in the 1980s, visiting Japan automakers to assess their means of devouring his company's unassailable market share. Impressed with their pioneering application of manufacturing robotics, Smith vested $45 billion dollars — nearly the combined worth, at that time, of both Toyota and Datsun (now Nissan), GM's nearest competition — in refitting his American factories. And continued bleeding market share. Smith's reactive "corrective" displaced tens of thousands of American workers, and accomplished little more than to push GM toward bankruptcy; a more effective address of GM's doldrums required a prognostic "preventive" understanding of its failure to respond to, and thus compete in, the consumer marketplace.

A similar misalignment of vision threatens Microsoft's Surface tablet, the software giant's triumphant entry in June 2012 into an apparently emerging market in portable touchscreen computers. But the device stumbled against a market immediately dominated by Apple's iPad (boasting an estimated 68 percent of the field, per Bloomberg.com), and instantly crowded with such devices as Amazon's Kindle Fire, Barnes & Noble's Nook, Google's Nexus, Samsung's Galaxy, and Sony's Xperia. Envisioned as Microsoft's flagship in the computer hardware market, the Surface serves as the company's answer to a decade-long decline in sales of personal computers (PCs), the vast majority of which employ the company's perennial cash cows, its Windows operating system and Office suite of word- and date-processing software.

In these instances, both GM and Microsoft faltered in two crucial areas, precision and diagnostics: the marketing of a product that fills a niche of demand as an effective and attractive tool or services, and an astute assessment and address of market conditions current and emergent.

Success in the market results from a convergence of several variables, including at least six decisive factors: product, price (both manufacture and purchase cost), image (a combination of utility and accessibility, quality and reliability), network (or distribution channel) , timing, and, of course, demand. Again: the right product at the right place at the right time (think of Apple's iPod, iPad, iPhone). Or the opposite: wrong product, wrong place, wrong time (think of Motorola's Iridium, and AT&T's Picturephone and VideoPhone).

2. *Éxito Tóxico*: Toxic Success

As expressed several times throughout this study, *opportunity* provides the spur of any venture, the divine breath of any company. The size of an opportunity, and the quality of its management, determines the size and quality of the success it affords. Thus, an entrepreneur both applies his sensors to the market toward identifying opportunities, and seizes them before conditions shift, before demand dissipates, before competitors intrude.

As we have seen, success activates subsequent processes for exploiting opportunity, and for preserving it. As illustrated in this study's fourth and fifth chapters, when several factors align to exploit an opportunity — including such aspects as procedures and operations, innovation and administration, metrics and analysis, habits and customs, conversations and values — success flourishes. And then, to preserve the opportunity and

manage the value proposition, these aspects solidify, standardize, and diffuse throughout the successful company. Systemic and exploitative behavior gains more and more efficiency, and simultaneously creates an unforeseen organizational rigidity: the means of initial success becomes established rule, which in turn becomes operative value, and thence dogma. Add efficiency experts intent on granular refinement of processes and systems toward quality certifications (which require documentation of every step, and adherence to every documented step), and a company attains total quality, total control, and too often total rigidity. The company and its entire value chain focuses on sustaining its success through consolidation, toward venerated economies of scale, and too often finds calcification, toward dissipated vital energies.

And, as a natural consequence, illustrated here many times, managerial talent also begins to standardize. Executives convinced of their *caminito de rosas* (their primrose path of established success) adopt the "proven formula," begin thinking alike (and adopting like modes of dress, transport, travel, society). Conformity to the established rule, the operative value, the dogma of achieved success, characterizes the company. Departure from this "new normal" — and, especially, dissension from it — assures criticism, disdain, even dismissal. Differences from the status quo earn isolation, recrimination, designation as threats. Company meetings become familial rituals disallowing variance and demurral, discouraging criticism in the name of fostering and sustaining "group cohesion." As a kind of necessity, adherents to company dogma expunge contrary voices through designation of scapegoats, sacrifices to an unconscious pact of inflexibility. Similarly, information from outside — critics and analysts, conflicting ideas and procedures, market variables — spurs defense, objection, rejection.

When a company attains success and subsequently, adopting the logic of consolidation, brooks no deviation in direction, no question as to procedures, that company courts disaster, even as its acquired momentum for a time masks the decay. Yet as conformity discourages creativity, as a tribal mentality coalesces around reflexive agreement and dismissal of opposition, a company loses its sensitivity to the innovation and enthusiasm that nourished its rise. Thus starving, such a company rides its inertia as opportunities for further development evaporate.

Ever moving, developing, dissipating, arising, opportunity knows no stasis. Perhaps this explains the propensity of successful entrepreneurs, and their sycophantic managers, to cleave to their apparently effective perceptions and habits: "Why change," they say with satisfaction, "what works so well?" Yet this attitude lends too much credit to decision-making, ignores those forces — illustrated throughout this study — that created momentum toward success: energies micro and macro that shape opportunity.

Which is to acknowledge that success itself waxes toxic when it inspires and instills a consolidating "homogenization" that blanches a company's necessary diversity of perspectives and approaches: the facilitators of creative processes that sense, assess, and design new business models, fresh operative structures, imminent opportunity. In this sense, no success persists permanently. And no leader fulfills all functions, or enjoys indispensability: competence in stages of creation, expansion, and development often withers in stages of consolidation, administration, and diversification. Or in stages of erosion. Each company at a particular moment, in a specific context, for a certain time, enjoys or endures a particular leader; rarely does a given leader fit every moment or context, least of all for an indefinite time.

We cannot delude ourselves that any organism may thrive, or long exist, within the one-dimensionality that assumes its dominance of an industry or whole market by virtue of its initial path to success, those steps it expends so much vital energy codifying as an operational formula and implementing as a means of replicating success. On the contrary, such one-dimensionality spells not sustained success but courts doom. Sustainability, perhaps paradoxically, arises through change and growth. Just as crisis spurs us to overcome inertia, so it helps us recover humility, rethink direction, retain a sense of urgency, vitality, enthusiasm.

3. Psychocrisis and the Secret Life of Business

During crisis, fissures in fixed thinking and opportunities for renewal appear that occur rarely in times of stability. During crises, the majority retreats in quest of security while a minority may advance into opportunity, the potential to secure competitive positions quickly and conclusively. Fear paralyzes. Faced with an imminent threat, a company fights in defiance or freezes in fear. Passively awaiting a blow, real or imaginary, anticipated or feared, serves no purpose but fueling terror. Fear fixes our priorities on protection — a biologically and evolutionarily adaptive behavior partly responsible for our survival as a species. But the assailants of our modern, urban world manifest not as fearsome raging tiger or consuming frost, as scarcity of food or marauding tribes; the antagonists of our modern life manifest as abstractions of time and fitness, success and failure, anxiety, stress.

Fear drains energy, exhausts the nervous system of any organism, person and company alike. A depleted system musters no defense, accumulates further stress, accelerates fear. Our reactions to fear render us binary, dualistic: black or white, one or

zero, open or closed. This innate protective (or, rather, defensive) system obliges us to secure ourselves to safe increments rather than risk ourselves for grand rewards. Yet this protection, taken to an extreme, encourages us to hang back or retreat, and thereby cede opportunity to others. Consider that old saw, *Es mejor malo conocido que bueno por conocer* ("a known devil is better than an unknown good"): a perfect reflection of our essential defensiveness, a strange reveal of our odd preference for a figure we declare openly as "evil."

And yet crises arise, above all, psychologically. The contagion of fear creates a vicious circle: insecurity impels hesitation, which withholds energy for resolution, which assures a feared result — the so-called "self-fulfilling prophecy." And yet confidence or *enthusiasm*, equally contagious, creates a virtuous circle: confidence amplifies energy, which invites resolution, which inspires a desired result: the so-called Pygmalion effect. Understanding that emotions frame our experience, we can recognize that threat forms the primary frame for fear. And that frame couches every moment and event as problem and risks, and in such a charged way that areas outside the frame, such as clear thinking and opportunity, become invisible, incredible, distrusted. Such is the absorbing viciousness of fear. Of course, fear serves us, when understood as an alarm rather than a state of being: it alerts us to such deceits as fraud, embezzlement, recession, financial stringency, and declining sales, areas of real concern. Yet just as such deceits present us opportunity — the means of addressing systemic ineffectiveness and unproductive vulnerabilities — so fear presents us opportunity to respond: not to panic, to react and amplify the concern, but to *listen*, to address and resolve. To, that is, redirect our course, our strategy.

Our physiology configures us to oversimplify stimuli. As discussed in this study's fifth chapter, this configuration serves our survival, and arose in our predominantly threatening origins (or impelled us to see our origins as primarily threatening), as mean of mediating our astounding perceptual capacities, attuned to an estimated 11 million pieces of information *at any given moment.* Yet through a filtering requisite to any organization of thought and action, our conscious awareness attends a mere five to 10 percent of this juggernaut of perception. While requisite in mediating awareness, that filter in restraining abundant perception also constrains expansive thought. Hence, threats spur our primal "reptilian" reaction, our most visceral and emotional resistance.

Of course, our encounter with a tiger or a snake hungry in a jungle requires such reaction: jump, dodge, and run (find some water and leap in!). Life-threatening circumstances require action, spurred by that apt alarm clock of fear; we preserve close scrutiny and analysis for its ripe moment. Yet fear indulged as state of mind, and reaction pursued as course of action, not only assures few ripe moments for reflective scrutiny and responsive analysis (those moments when, say, we devise traps for tigers, or contemplate the nutritious value of snakes); they trap us in a cycle of alertness to threat, assumption of threat, fear of threat, reaction to threat. As also previously mentioned, though the ego aids us as a diligent problem solver, the ego views most circumstances as problems to be solved.

Fear acquires greater force as it spreads to a group, and its amplification both enlarges its reach and fuses together those in its grasp. Wrapped in a collective fear response, personal differences dilute and a mass reaction unifies feelings, thoughts, decisions. As in the hysterical fear reaction driving nations to war.

We call another visceral response, often related to financial speculation, *Irrational Exuberance*. Coined in 1996 by former Federal Reserve Chairman Alan Greenspan, the term expresses the observation — elaborated by Yale professor Robert Shiller in his 2000 book bearing that title — that emotions rather than rationality and logic govern human decisions. As Shiller wrote:

> …solid psychological research…show[s] that there are patterns of human behavior that suggest anchors for the market that would not be expected if markets worked entirely rationally. These patterns of human behavior are not the result of extreme human ignorance, but rather of the character of human intelligence, reflecting its limitations as well as its strengths. Investors are striving to do the right thing, but they have limited abilities and certain natural modes of behavior that decide their actions when an unambiguous prescription for action is lacking. (136)

Which observation prompted master business magnate Warren Buffet to quip, "You have to be relaxed when everyone is nervous and nervous when everyone is relaxed". That is, going against the crowd's emotional reactivity made Buffett one of the richest men in the world, who goes shopping for bargains whenever stocks tumble.

Contagion of behaviors and attitudes — including empathy and imitation — evidently sprouts from our mammalian brain as well. A team led by Giacomo Rizzolatti, a professor of neurophysiology at the University of Parma, identified "mirror neurons" in the brains of macaque monkeys upon his recognition that brain cells light up not only when individuals perform certain movements but also when they observe others performing in like manner. According to a report in the American Psychological Association (APA) *Monitor* by Lea Winderman, "Rizzolatti…says that the neurons could help explain how and why we 'read' other people's minds and feel empathy for them."

Consider your (no doubt long-ago) boss who filled the office environment with his neurotic, moody, and menacing demeanor until inflexibility and pessimism prevailed.

Think of the head of the family (no doubt someone else's) whose grumpiness impacts spouse, progeny, pets. Perspective defines perception and expectation, and channels energy accordingly. An open and eager perceptual frame focuses on its activities with enthusiasm, and facilitates their achievement. And vice versa: the closed and anxious perceptual frame grumbles at its activities with resistance, an fosters their failure.

This explains something of why life moves in spurts: troubles often travel in clumps, and good things likewise cluster; one thing invokes another similar thing. Which is to notice that our description of a cycle of fear, in reflected reverse, serves as aptly for a cycle of confidence: anxiety invites defeat as defeat instills anxiety; confidence spurs success as success bolsters confidence. Where one contagion spreads panic and reaction, the other infuses enthusiasm and response. Amid the turmoil of fearful reaction or the tumult of joyous response, we must see our first obligation as the preservation of our equilibrium as an individual, the better to respond, contribute, participate. When you fall apart, the rest no longer matters.

As a company, the first duty entails ensuring cash flow: no cash flow, no company. Having established that rampart, the company must give itself permission to walk its fortress walls and, more importantly, adventure through its gates — that is, to think in terms of opportunities and advantages. As Warren Buffet expressed: we must greet the opportunities that arise naturally in a crisis. Why waste the rare release of energies, the opening of boundaries, that crisis begets?

B. *The Myth of the Omnipotent Leader*

No leader serves all stages and times. As with the seasons, each enjoys its time and place, and each turns in time, each waxes effective and wanes dormant. And seasons and

leaders alike follow a pattern of synchronicity, each meeting and expressing their apt moment and phase, seasons through the regions of the globe and businesses through their avenues of industry, market, and competition. Unlike seasons, leadership relates more to character and quality than time and nature, our point being that while any leader brings skills and propensities to a given company, she may arrive at a time out of sync with the company's developmental stage.

Put another way, any healthy rooster can crow in any yard, but gets noticed (and rouses farmers) in only some of them, and becomes an alpha rooster in fewer still. Robert Nardelli, for example, began his career at General Electric in 1971 as an entry-level manufacturing engineer, moved through a series of leadership positions, and in 1995 earned appointment as president and CEO of GE Power Systems. In the prime of his career, having lost a bid to lead GE proper, Nardelli in 2000 accepted leadership of Home Depot, doubling its after-tax net income by restructuring against innovation and toward cost-cutting, and receiving his dismissal notice after only seven years as CNBC named him one of the "Worst American CEOs of All Time" (Wikipedia). Not that Jeffrey Immelt, who defeated Nardelli in the contest to succeed Jack Welch as GE CEO, fared better: his decade of leadership was described as rife with decadence, errors and destruction of wealth.

And, again, Microsoft and ill-fated Steven Ballmer come to mind: on a recent trip, I visited the company's well-appointed Atlanta storefront, so elegant, spacious, and modern that it recalled the cutting-edge storefronts of Apple but for two differences: it was Microsoft and there were no customers. Microsoft fights hard to *be cool*. According to Kurt Eichenwald of *Vanity Fair*, the 2010s unfolded as "a decade riddled with errors

and missed opportunities" for the company, which earned disdain for its reactive "Us, too!" strategy lagging well behind Apple, Google, and Facebook. Microsoft's stumbling decline speaks for itself: in December 2000, the company posted a market capitalization of $510 billion as the preeminent company in the world; less than a dozen years later, in June 2012, it posted a market cap of $249 billion as the third richest company. Meanwhile, Apple rose during that time from a valuation of $4.8 billion to $541 billion to stand shoulders above its competitors. In Eichenwald's words, Microsoft drifted from a bastion of talented young visionaries to a bureaucracy that stifles innovation. And the company's utter underestimation of its competition played its part: when Apple introduced the (now ubiquitous) iPhone in 2007, Ballmer declared, "No chance that the iPhone is going to get any significant market share. iPod is a hot brand, not Apple" (*ibid.*). Further, Ballmer crowed, "Google's not a real company. It's a house of cards."

Can we recognize a leader overtaken by hubris, or lacking sensitivities and skills essential to his competitive environment and moment? Among visible clues: growth slowdown; recurrent loss of market share; unawareness of (out of sync with) industry innovations; chronic departure of talent; lack of new customers. Of course, crucially, a new business facing challenges in sales and cash flow differs markedly from a mature business suffering challenges of flexibility, stagnation, fiefdoms of power.

Which is to say that strategic behaviors required in such tumultuous industries as technology and information systems differ radically from strategies and behaviors suited to such more established and rooted industries as steel or beer. As demonstrated, the entrepreneurial instinct and cunning adept at identifying opportunities in the market rarely jibes with the administrative rigor and acumen skilled at managing complexities of

business. Success arises from balanced tension between focus and flexibility. A leader or manager scoring wins during a particular season guarantees no repetition in the near or distant future. Even an exemplary leader like Odysseus knew, as discussed in Chapter 2, when to bide his time, cool his big toe, contemplate his way forward.

C. *Companies "Gone Wrong" and How to Fix Them*

As we have seen in previous chapters, success in business — the art of management — depends on the math one does. One can keep tally of the visible, but it's the invisible that mostly determines the future; the only thing more maddening than measuring the wrong thing is not measuring something important because you do not acknowledge its existence. Think of this art as a kind of tango, the dance that balances intensive focus and expressive flexibility. As illustrated through this study's numerous examples, growth requires decentralization or "releasing the genii" of creativity beyond established systems. In turn, an essential *giro*, this requisite expansive energy eventually requires compensatory oversight, or centralization. And back again, an elegant *ocho*: after a period of concentration and control, expansion requires opening into dispersion of efforts and resources. The emergent challenge for any leader or manager: recognizing "when" and "how much" to move between each period, *girar en espiral, enrosques en planeos, y de regresso* (turns to spirals, threads to glides, and back again). Perhaps the "trick" in management, as in mastering tango, resides not in concentrating rigidly on discrete steps in sequence but in focusing freely on the sequence of movements itself. As did Odysseus.

1. The Case of Dell as an Example of Conscious Change

Michael Dell shocked the world when he repudiated the direct sales vector and decided that Dell computers would be sold through traditional distribution channels. As reported by Damon Darlin of *The New York Times*, Dell explained his radically *opposite* strategy in a 2007 memo to his 80,000 employees: "The direct sales model has been a revolution, but it is not a religion." In this instance, Dell exhibited not the one-dimensionality of fixed perception and operation, but rather overturned his prior successful model to retain and expand market presence: when market conditions transform (seasonally, as suggested), the business environment shifts, consumer tastes alter, and new opportunities emerge along with new technologies, fresh networks, and hungry competitors.

Similarly, our vaunted geo-political divisions develop, shift, and transform. Yet robust economic regions with fluid borders and flowing markets underlie these evidently stringent national identities and boundaries. Thus any competitor lurks not strictly in the building across town, or in its many outlets around the country. Any competitor wheedles into plans and strategies within your very company, into markets and supply chains thousands of miles across the world. Your competitor wants to poach your territory, even inside your offices. Your competitor wants to understand your approach and improve your product, invade your retail channel, absorb your supply of resources and even financing. As Dell recognized — and addressed — a blow to your core business, the status quo of its operations or value proposition or market share or supply chain, comes from distant places as well as near, and at the least expected moments distant or soon.

Thus, those clinging to one-dimensionality tend eventually to end up at odds with the environment: anachronistic, irrelevant, and out of sync.

Daily psychological experience affords proof of this statement. The most intense conflicts, overcome, leave behind a sense of security and calm not easily disturbed, or else, unresolved, instill a brokenness not readily healed. That said, intense conflict and its conflagrations produce valuable and lasting responses and results. Since our experience encompasses only relatively closed systems, we never observe an absolute psychological entropy; still, the more closed a psychological system, the more clearly manifests the phenomenon of entropy. We see this particularly well in those mental disturbances characterized by intense seclusion from the environment: the so-called "dulling of affect" in dementia praecox or schizophrenia may well be understood as a phenomenon of entropy. As can so-called degenerative phenomena developed in psychological attitudes that permanently exclude all connection with the environment. Further, such voluntary processes as directed thinking and directed feeling may well be viewed as relatively closed psychological systems.

These functions derive from the principle of "exclusion of the inappropriate," which spurs deviation from a chosen path: elements that "belong" meld through a process of mutual equalization protected from disturbing external influences. Over time, these elements achieve their "probable" state, which manifests stability in, say, "lasting" convictions or "deeply ingrained" points of view. As Jung attests, in *The Structure and Dynamics of the Psyche*:

> How firmly such [convictions] are rooted can be tested by anyone who has attempted to dissolve such a structure, for instance to uproot a prejudice or change a habit of thought. In the history of nations these changes have cost rivers of blood. (*CW* 8: 27, para. 50)

2. Change as Necessary for Healing Troubled Businesses

The Paradox of Change: Yes but No. We must change course, but how can we abandon our brilliant plans?

A degree of myopia operates on both organizational and personal levels. Which is why consultants and other outsiders find work: they provide a different perspective, a degree of lucidity. But while perspective seeds diagnosis, it must also translate into prescriptions for change that directly affect an organization or person. Such prescriptions necessarily require revisions in mindset, attitude, and value, and — most difficult and most crucial — revisions in behavior.

The Enigma of Change: How and When. How do we manifest and motivate a change in course — especially in an organization traveling fast on a defined trajectory? When do we devise and implement a change of course — especially for an organization in which the all-consumptive urgent overtakes the all-important emergent?

Perhaps the most essential factor in changing personal or organizational course comprises instilling a sense of emergency, an understanding that its focus on apparently urgent mechanics of established operations (the *how* of *doing things right*) must cede importance to genuinely emergent needs for effective strategies (the *what* of *doing the right things*). That is, discourse must shift from organizational, administrative, operational issues toward value propositions, market positions, customer responses: functionality defers to creativity.

Leaders, managers, and personnel most often require an atmosphere of crisis to overcome inertia and enact change. Given the difficulty of convincing any person or organization of the "importance of change," we may understand the almost constant

resort in our society — especially in politics — to evocations of (to turn famous phrases) imminent threat, looming disaster, creeping malaise. Most often only the perception (real or conjured) of such threats as aggressive global competitors, departure of most profitable customers, diminishment of cash flow, "unavoidable" downsizing, impel organizations or people to overcome inertia and enact change.

When a company succumbs to the stasis of hubris and complacency, or of confusion and lethargy, it cocoons itself — even from the market environment defining its success and failure, its very existence. In these circumstances, when a crisis remains unacknowledged or remains merely latent, leaders must generate and instill a sense of emergency within the company: identifying or inventing one, fabricating a threat and selling it. Just as public relations specialists craft situational stories to "turn on" an audience and dominate discourse, so a leader must conjure a menace to the static status quo and set a new course.

Even in crisis, real or conjured, people persist in resisting change. Of course, such resistance rises first from politics, the desire to maintain or gain position and influence. Faced with changing fortunes, we seek consolidation of wherewithal and status, a natural barrier to revising our circumstances even to assure survival. Think of the game of Musical Chairs: no one wants to lose their place; worse, many want to retain their initial seat. Psychologically, we speak of people cleaving to the known, the familiar and supposedly reliable if not permanent, even faced with evidence that The Other, a new arrangement of circumstances, improves stability and even position. This principle manifests all around us: sports fans retaining loyalty to perennially losing teams; couples persisting in miserable marriages; customers resisting updates to favored products (think

of the uproar over “new” Coca-Cola); employees remaining with jobs or companies over decades of declining performance. Further, a syndrome of provincialism often obtains: “If I didn’t make it, I can’t trust it; if it’s not from me or my people, it’s no good for us; if it’s from over there, it deserves disdain and sabotage.” The obvious failing of this mentality too often begs emphasis: it rejects investigation of unfamiliar ideas, procedures, products — a censoring filter that refuses to consider worth and validity, or, worse, dismisses the possibility of value.

Resistance manifests in its perhaps most complicated and intractable form as passive aggression. We all know it well: that promise of collaboration and participation within changing circumstances or strategies, commitment to innovative change, agreement to address and enact new courses, that evaporates at the first opportunity, sabotaged for reasons even the saboteurs struggle to understand (assuming their willingness to examine). Resistance destroys a company’s capacity to change, its flexibility in planning, its ability to evolve, by “proving” failure and sowing skepticism, even cynicism, about a company’s fortunes and, indeed, its ability to manage its direction: “You see? I told you that wouldn’t work.”

Which leads us to an essential point. Change costs psychic, organizational, and economic energy, and carries substantial risks. Only naive leaders, managers, workers think change arrives without costs or disruptions or sacrifices, smooth and free. Thus, truly innovative companies, the rarest of the rare, win admiration and fame: few dare the risks, few care to pay the price in rigor, energy, capital. Rather, most organizations, as previously discussed, divide into defensive, self-protective camps: on one side, those resisting or refusing change, unwilling to pay any price; on another side, those embracing

and advocating change, celebrating with enthusiasm. An effective company addresses such *polarizado* openly through discussion and negotiation; a failing company often suffers such polarization tacitly, ignoring it or misidentifying it, for, indeed, it can for a time wend almost invisibly through a dysfunctional organization.

If invisibility cloaks resistance to change, arrogance wears a cloak of resistance. Consultants tasked with reviving or redirecting desultory companies often face a particular form of arrogant resistance, that of complacent certitude: "We know that already. We already tried it. Nothing will happen."

Consultants dedicated to the industry of change recognize the difficulty of revising the trajectory of a company (or ourselves). Subjected to a myriad of studies, change reveals itself as most susceptible to a sense of urgency: as spur or as response, urgency fosters change. Hence, as discussed throughout this study, less dramatic initiatives of reform such as improving customer service or developing variations on standard products, harbinger few systemic changes in a stagnant or moribund business.

While a minority of companies consistently challenge themselves through practices of introspection and strategic existentialism, and in consultation with other perspectives, the vast majority fall into an inertial comfort zone of repeating standard formulas and persisting in fixed behaviors without tracking and addressing (if, in fact, realizing) changes in the market environment, in the external the world. Such companies operate on rote (practically automated) processes, and adjust (usually react) to symptomatic problems within its administrative sub-processes. Resources and inputs align to bottom-line priorities, and function as unwritten laws. Meanwhile, the seminal impetus of the company — regularly displayed on office walls as a framed Vision and Mission

Statement — languishes as an ideal fantasy, as prospective credo rather than as organizing principle.

Like all organic entities, companies lose flexibility over time. Owners and their factotums, for instance, fall into that particular complacency of success: resting on laurels in the belief that, having worked hard and achieved success, they need administer and maintain rather than persist with exploration and growth. As if retaining success were a matter of quietude rather than activity. The forces implemented by managers of a company function as attractors, magnets of complementary energies. In the flow of such complementary attractive forces, managers configure and align their resources.

Consciously and unconsciously, leaders and managers define the parameters that inform the context that directs execution and administration. In this way, leaders and managers form those emergent processes of self-organization that provide the stability that any system requires. Organizational change and innovation confronts leaders and managers of four prominent types:

- The Apathetic Manager capitulated some time ago, certain that "nothing will change" and often committed to assuring stasis. Such a manager glares at newly hired enthusiasts, and sighs resignedly, like an old sage, in the face of their exuberance and apparent innocent. As a worker, he tinkers, fulfills, delivers, and goes home to watch his favorite television programs.

- The Advantageous Manager more than accepts the status quo, but seeks every political advantage it affords. Company trajectory and entropy matter little to him so long as he preserves and increases his personal status and influence, typically by leveraging organizational weaknesses to his benefit.

- The Moderate Progressive Manager identifies and declares ills afflicting the company, reports again, perhaps a third time, then relents, capitulates to the static status quo. As a Vice President once said to me, "I comment on things twice. If I see that nothing happens, I better shut up."

- The Embattled Progressive Manager agitates beyond diagnosis, proposing and leading initiatives, advocating for change. Because they both represent

> and embrace change, such agitators rarely find applause within a company — and often engage in mortal combat with Advantageous Managers, their worst enemies. Amidst this battle, Apathetics stand aside while Moderate Progressives stand sentinel against their own lynching.

3. Inflexibility — The Bane of Business

Our analysis reveals, through a myriad of illustrations, that entrenched hubristic bias summons the nemesis of success, the bane of business: inflexibility. Organizational rigidity manifests in innumerable ways. Perhaps the most pernicious manifests as judgmental dismissal of new arrivals — enthusiastic managers and workers or enterprising consultants — as foreign, "inconsistent with what we are."

Inflexible companies also doggedly justify past decisions with current decisions, a reflexive attempt to demonstrate an artificial perseverance or, often, to defensively bolster errors rather than progressively correct them. Further, such companies exhibit distinct signs of cognitive dissonance, with denial gaps between belief and actuality. In this atmosphere, managers base decisions on partial information, a dearth of evidence that readily conforms to manipulations confirming original assumptions. Spreading the contagion, this atmosphere loads company expectations of impossibility versus potentiality: failures to implement effective change add to skepticism and resistance that the company controls its course.

4. Harnessing Leadership Skills

Can a company mitigate, or rectify, its own rigidity and fixity of purpose and pattern? Change need not play out like a Greek tragedy. Not under the guidance of effective leadership. Faced with change and enacting respondent strategies, effective leaders and managers designate and preach transition as the company's central priority, sermonizing

like a pastor, selling like a street vendor, to insert that priority into company discourse. The chief storyteller of the company and its trajectory, a leader may quite visibly model and tout heroes or icons of change to reinforce his message and inspire his colleagues. A truly visionary leader may up the ante by directly relating compensation schemes to patterns of innovation, thus reinforcing his intentions and approaches through recognition, and through money.

Necessity forms the fulcrum of change, a natural principle. Even the cosmos depends on the amorphous change we dub "chaos." Since each of us struggles with change, with weathering it and, more, addressing it, our best approach to it entails a constant process of exploration, adventure, calculated risk. Whatever our mission, we must embrace the learning that comes from *doing*, not only from studying and defining concepts. Along the way, we each must affirm the process of living by sustaining a balanced tension between energies of the past and future, between adaptation and creation, between the predictable and the uncertain. This, we might say, provides the basis for flourishing. A company that eschews an open embrace of change closes itself, falls into the throes of entropy, and inevitably crumbles.

D. *Concluding Thoughts: Candado Psíquico (Psychic Padlock)*

We may recognize that we *have* habits. Yet, rather, habits *have* us.

A variety of thoughts, patterns and behaviors constrain us. Perhaps they even encapsulate us, certain ideas leading us to repeat decisions and actions. We abet this propensity by cleaving to the familiar, as well as to our perceived successes and the processes we believe created them, repeating them without acknowledging the differences and nuances of each challenge we encounter.

Hence, business managers, having settled on their business model, engage in systematic deployment of it across the organizations they serve. As such, their strategies conform to two types: the desired strategy, the conscious plan stated with fanfare, framed and hung on office walls; and the spontaneous strategy, the unconscious one vested in shadow, beyond articulation yet fed and exercised through behavior.

This unconscious spontaneously arising strategy answers in turn to what I call *candado psíquico* or "psychic padlocks." Like the water unseen (let alone analyzed) by the fish it surrounds, these *candado* comprise the raw materials of any organizational culture, so pervasive and powerful that they defy recognition (let alone questioning). Organizational culture provides any group stability, yet also traps the group within it. Given to its own preservation, even above the process or revelation or industry it administers, organizational culture favors a harmonious (that is, homogeneous) governing body, although such lack of "genetic diversity" renders it prone to, and vulnerable to, ineffective and erroneous decisions and directions. A group of counterpoised equals, a group lacking a constructively contesting diversity, eventually polarizes, declines into one-dimensionality, and loses sensitivity to and synchrony with its market.

The notion of psychic padlocks explains to some extent how a group of intelligent and experienced executives run to ineffective decisions. As Yale research psychologist Irving Janis observed, citing incidents from the bombing of Pearl Harbor to the Bay of Pigs invasion and the Vietnam War, "groupthink" arises as a mode of thought within cohesive teams for which harmony and unanimity trump facticity (that is, reality).

Again, the textbook examples of groupthink psychic padlocks in business remain the directors of American automotive companies, who retained their decades-old model of

manufacturing big cars long past sufficient market support for them — perhaps as an implicit consequence of themselves *making it big and driving big cars to show it*.

But the apparent dominance of these big carmakers derived, as time passed, not on automobile sales but on automotive spare parts and maintenance contracts for cars *already sold.* For some three decades, the big carmakers coasted on their assumed hegemony, ignoring Japanese innovations in cars of lighter weight, greater fuel efficiency, more modest styling, easier maintenance, and thus lower purchase price.

Candado psíquico led the American auto industry to the brink of bankruptcy. Similarly, IBM in the 1970s exhibited stultifying psychic padlocks. Its business model dominated by various office hardware and government contracts for developing large computer systems, IBM scarcely noticed innovations in computer programming and software that catapulted a young nerd named Bill Gates to international fame, massive market success, and enormous riches.

Thus, as we have seen repeatedly, a successful company closes itself from *administration of opportunity* — the divine breath of business — through bias, hubris, arrogance: that is, blindness. Having "already understood" the market, having "already bested" its competition, a company at its pinnacle dulls its sensors, ignores the market, underestimates its competitors at its mortal peril.

Can a company recognize its internal functions dominated by psychic padlocks and groupthink? Seven warning signs beg mention.

- A company's "control panel" — its metrics for operational efficiency and market success — remains constant, fixed to old measures and formulas, to which staff adheres because it adapted to the system and engineered its own status quo.

- A company's governing body remains static, without rotation, accumulating years as a team, occupying fixed positions. Thus, internal political problems subside since each director rules his domain and, like barons, they extend respect and restraint among each other to sustain their positions within the calcified status quo.

- A company lacks diversity in personnel, and thus in perspective and approach. For instance, it evinces a surfeit of older male managers with a dearth of woman specifically and younger people generally, and no strategy for nourishing new talent. Thus, its chain of "succession" appears murky.

- A company turns its focus inward. Policies, procedures, and rules shift emphasis and effectiveness. Discussions focus on internal issues of office renovation, openings of branches, tuning organizational systems, and thus subordinate external questions of market, customer segments, and business growth.

- A company discounts, minimizes, and dismisses competitors and their successes.

- The *how* of *doing things right* trumps the *what* of *doing the right things*: a company lacks reflection on movements and responses in the market, thus missing emergent value propositions, regions, channels, product portfolios.

- A company's Board of Directors serves little oversight function, rather serving to certify executive leadership, and consisting of sycophantic *amigos paleros* (draining friends or, in America, brown-nosers).

E. *Remedies for Dysfunctional Businesses: Lucid Thinking*

Lucidity. Clarity of thought. An ability to understand and articulate profound complexities in direct, concise, and practical ways. A sense of asking an apt question, finding a salutary answer, and the clearing and cleansing, energizing and focusing these bring. Think of clever Odysseus surfing his journey of endless emergent threats and opportunities, each situation met with sober clarity, insightful attention: lucidity.

No enterprise benefits from any one quality more than this precious asset of lucidity: clearheaded executives; articulate leaders; cogent presidents; vivid colleagues;

unambiguous spouses. In moments of lucidity, our path clears and opens, our destination looms larger and fuller, and our mode of travel gains clarity, purpose, effectiveness.

Clarity begins with diagnosis. Work meetings benefit most (despite a group's tendency to grumble) from a precise and brief inquirer pursuing information, in contrast to the eager and voluble proposer offering solutions to problems not yet defined or prioritized. To reiterate: the *what* of *doing the right things*, best discovered through coherent and lucid discussion, must trump the *how* of *doing things right*, so often defended with egoic and conflictual debate. Choosing and pursuing an effective direction better serves any enterprise than chewing over and endlessly parsing the many means of travelling (too often to nowhere fast).

Our fundamental premise, then: in management, doing well or failing fast depends on the math one employs, the applicability (lucidity) of one's measured factors and variables; the quality (lucidity) of one's strategic calculus; the clarity (lucidity) of one's perspective and attitude; the perspicacity (lucidity) of one's accounting of invisibles (such as a company's sensors, and its collective psyche and the psyches of its component individuals). If blindness may be described as darkness or shadow, then lucidity may be understood as brightness or luminosity.

The company that fails in this essential fails altogether. Remember GM's Roger Smith, our model of the fallacy of enthusiastic action without diagnosis: his equation of matching robots to recovering market share failed at a titanic price. Think of populist governments arising "to benefit the people" under the premise that mechanisms of doling, subsidizing, and redistributing fulfill their political promises, which neglects, among other factors, to account for the paradox that rescuing victims through benefaction tends

to reinforce their existential position as victims, and often undermines efforts to break that vicious circle.

In regard to lucidity, consider two particularly relevant statements. Patricia Russo, former president of Lucent Technologies, noted that, "People who have it are rare to find, but if you manage to assemble a team of people with clarity of thought, the possibilities are endless". Andrea Jung, former chairman of Avon, called clarity of thought the single most important feature she requires of senior executives: "I've seen little correlation between formal education and those who have clarity of thought... …some have it, others do not".

Business consultant Justin Menkes links this intelligence to what he calls Critical Thinking, and in *Executive Intelligence* charts these capabilities into three areas that effective (lucid) leaders consider and address:

- Tasks and Achievements: proper definition of challenges, and differentiation of relevant objectives.
- People: recognition of individual agendas regarding each challenge, and anticipation of possible reactions as well as responses.
- Feedback: solicitation of comments and observations toward identifying and resolving errors in judgment, and acknowledgement of mistakes toward changing course as necessary.

To this trio of keys, let's add another: the ability to see a problem "from afar" — that is, from a perspective of distance setting aside (without dismissing) our involvement and investment with the issue (and its resolution), particularly our identification with our ideas as parts of ourselves. Which is to affirm that if my project falters, if my ideas miss the mark or fail to inspire acceptance, that serves no judgment upon me: I have good ideas and bad, as I have good and bad days. A further aspect of this fourth key of seeing

“from afar” entails a recognition of our natural propensity to view our own problems as difficult, even intractable, and those of others as resolvable, even simple. Such is the power of distance, of detachment: a clarity (lucidity) of perspective that renders patterns, tendencies, propensities, trajectories visible, identifiable. Would that we could rise above ourselves for such elevated insight, yet even a psychologist seeks therapy not from herself but from a colleague; a priest makes confession not to himself but to a fellow priest; surgeons rather rarely perform operations on their own family members. The person inside a challenge — even clever Odysseus — suffers, usually unwittingly, skewed perspective, entrapment in personal quandaries, which requires intense deliberation and rigorous candor to view with lucidity.

Some achieve, and most strive for, a dimension of objective criticism (sounds rather contradictory). Here the Johari window’s four dimensions of consciousness assist us toward clarity, offering a sober means of discriminating between the (public) parts of me known to myself and others; the (secret) parts of me known to myself yet obscured from others; the (blind) parts of me unknown to myself yet evident to others; and the (unconscious) parts of me unknown to myself and others as well.

Even those possessed of lucidity enjoy only partial knowledge and understanding. Yet their clarity assures that they acknowledge both their knowledge gaps and their sense of the relevance of known and unknown factors.

1. Make Way for the New

If our best approach to business entails an understanding of patterns and dynamics, then our best perspective entails an embrace of organic, holistic flexibility. The Old Way is mechanistic, functional, reactive. The New Way employs organic sensors, holistic

approaches, proactive strategies. An old company operates under the assumption that its personnel change in reaction to environmental shifts, as a result of inevitable, unavoidable circumstance: such variables as competition and economic conditions are external, imposed, and require reaction, generally defensive. By contrast, the new enterprise encourages an acceptance of change in response to market conditions, assumes a proactive assessment and address of circumstance, adopts a credo of responsibility for its internal environment and conduct: "We are responsible for our thoughts, feelings, actions, and their consequences."

An old company controls, pushes, puts personnel in line. It worries about short-term performance, and thus emphasizes adaptability to immediate circumstances. The new enterprise accepts, encourages, allows its employees' free expression. It ponders long-term sustainability, and thus favors creativity to chart (and explore) emergent opportunities. Perhaps 3M serves us as the most well-known example of a new, creative company: recognized for its sustained innovation, 3M actively (consciously) expects, as a matter of policy and company culture, that its people invest an average of 15 percent of their work time in unusual and even pet (personal) projects (Fastcodesign.com).

An old company governs itself as an aggregate of isolated, compartmentalized functions: organization as mechanical rather than organic entity. Such a company's financial branch looks at revenues and expenses, exclusively, while its marketing branch addresses commercial considerations apart from the functions of other branches. Each branch measures and allocates compensation distinctly, independently, without reference to other branches. Which is to say that walls (and some cooperative bridges) stand between purportedly discrete areas, each of which operates as a titular fiefdom. And,

typically, one fief rises as suzerain over its colleague branches, tilting the company to its perspective, its particular emphases: finance dominates to the disadvantage of sales; sales dominates to the disadvantage of administration; production dominates to the disadvantage of finance. Further, an old company restricts the flow of information, reflecting the propensity in any feudal system of barons hiding data and employing it for political leverage. Such a company designs its data stream to curtail free exchange, often under the pretext of security, and thereby encourages attendant lacunae of knowledge.

By contrast, the new enterprise recognizes that all activities connect to, participate in, function as constituent parts of, a shared organic system. Such a company pursues opportunity detection and problem-solving, administration and decision-making, with an holism of perspective and approach, with interdisciplinary teams a common feature.

Further, the new enterprise encourages multiple streams of communication. Adopting the theory of Open Book Management, which holds that all employees receive and understand company income statements and balance sheets, such a company guards few internal secrets: it stands open, its personnel aware, and all share in an on-going discussion over direction and mode of travel.

Where an old company endorses (and believes it thrives upon) competition between individuals, the new enterprise ensures teamwork and unity by designating external competitors. The old formula, now obsolete, pitted two or more executives in direct competition, which often fomented a degenerative rivalry expensive for the company and destructive of performance during the duration of the fight, sometimes over years. The new formula favors cooperation and trust as the fundamental components of growth.

An old company empowers “bosses” as controllers, the operative policy that managers and subordinates require dominating, decisive, invulnerable supervisors — we all recall that macho boss who always knew everything and never stepped wrong. The new enterprise favors accessible bosses who recognize their own vulnerability, function like lifelong learners, solicit help, request ideas. Where an old company obsesses on its internal structures, digging into such self-absorbed efforts as reengineering (restructuring), personnel policies, compensation plans, office equipment, product and facility security, and so on, the new enterprise governs itself in terms of its focused infatuation with the market, the decisive element (yet only one aspect) of its connectivity with the outside world.

Regarding these assessments, we must emphasize that the task of assessing and classifying a company as either “old” or “new” rests with no internal officer or employee but with clientele. The market alone rewards or punishes the management of a company, and its agent remains the customer.

2. A Proposal for Organizations Regarding Opposites

One of the central objects of this dissertation, a thorough illustration of observations about *enantiodromia* (or apparent opposites) in business, now segues into its fundamental goal: a synthesis of these purportedly (and traditionally) rival forces and energies. Our tripartite proposal enjoins management, if it intends effectiveness toward achieving robust and sustainable success, to:

- recognize and acquire a proper mindset for facing the “Theory of Opposites” (introduced in the second section of this study’s second chapter): energies and resources directed into a single direction necessarily neglect an opposite direction; any entity, an individual or a company, that dominates one given

dimension sows vulnerability in other dimensions: seeking strength, any single-pointed strategy implicitly plants seeds of strategic weakness.

- foster initiatives designed to reconcile opposites, to establish nuanced metrics, to redesign evaluation and compensation schemes; this approach helps determine constituent parts of short- and long-term strategies, and assigns value to such traditionally "invisible" factors as brands, customer relations, service, innovation, motivation, attitude.

- assign specific tasks — or empower specific groups — to address both directions of a vector: since the status quo reflexively perceives as a threat every action that breaks inertia and invites change, it must afford compensatory resources and personnel to empower the corresponding opposite direction of any vector.

As F. Scott Fitzgerald writes in his essay collection *The Crack-Up,* "The test of a first-rate intelligence [*una inteligencia de primera*] is the ability to hold two opposed ideas in the mind at the same time, and still retain the ability to function." He follows that proclamation with this crucial corollary admonition, "One should, for example, be able to see that things are hopeless and yet be determined to make them otherwise". In this light, how does a successful company maintain operational efficiency and, simultaneously, retain its spirit of innovation? Google, for example, requires its engineers to allocate 20 percent of their work time to projects outside their assigned tasks; IBM designates the end of each work week as "Think Friday"; Intuit preserves 10 percent employee time for idea generation; design firm Teague sends its engineers to furniture and decoration fairs for ideas.

Innovation requires time and space, lateral thinking, benchmarking across tangential industries. Thus, to nourish innovation a company must build it into its systems, not leave it for the big annual meeting. While optimizing its operations, a company must empower innovation by allocating resources for exploration. For instance, as related in Rossana Fuentes-Berain's *Silver Gold*, building materials giant Cemex undertook an "executive

tour" aimed at investigating logistical efficiency at a variety of locations, including a 911 Emergency Center in Houston, Texas, and the Federal Express worldwide distribution center in Memphis, Tennessee. Consulting with firefighters, paramedics, and delivery specialists, Cemex executives analyzed several processes, and returned to headquarters committed to product delivery on a same-day, time-specific schedule — construction cement brought to your door like pizza. Another group of Cemex executives devised a plan, Patrimonio Hoy ("Heritage Today"), for facilitating construction in low-income areas. Applying the idea of fundraising *tandas* ("batches"), Cemex registers locals to contribute 120 pesos weekly for 70 weeks then awards the winner of a *supertanda* with materials necessary to complete a housing addition (Blue Ocean Strategy).

And yet such amazing examples of innovative outreach remain relatively rare — because most companies require managers to generate profits before, and well above, experimenting with strategies for micro-market penetration, an aspect of the numerator (sales and growth). This emphasis on bottom-line fundamentals impels executive managers, eager to earn their bonuses, to focus on the denominator (expenses and costs) — and impel them with bottom-line logic to remain ever ready to slash outlays through reductions in personnel ("reengineering"), marketing investment (which evinces few short-term results), staff training, information systems investment, innovative risk (initiatives lacking guaranteed outcomes), unto suffocation. Such reductions invariably (if cosmetically, and temporarily) swell profits, and their enacting executive earns plaudits for his ingenuity. And yet, *corta grasa pero se le pasa la mano* ("cut the fat, but miss the hand"): you pared the excess from your vectors, yet now the company has no muscle.

After years of tightening, the company delivers profits and dividends like a slot machine, but little else, and *le garde manger* executive lauded for generating record revenues floats to another firm to do the same. That is, such a manager departs not the least because he who stays in place helms an organization dismantled, hollow, weak, discouraged, intimidated, unable to act let alone consider innovation. On one hand, a company requires obsessive focus in pursuit of a competitive market position to outpace the field; on the other hand, a company remains successful by avoiding (that is, by balancing) such polarization.

A law of Nature, opposition informs the human condition and the companies and organizations that express and serve it. No self-regulating system, no system calibrated for balance, exists without a mutually defining opposition. The reconciliation of opposites requires us to face both poles, to touch them, feel them, manage them, and to deploy them. Since nothing exists without its opposite, and life embodies a constant interplay between poles, we do best by embracing rather than ignoring opposites: suppression, sublimation, dismissal of opposition invites it to eventually dominate us.

3. Looking to the Future: Neuroscientific Contributions to Business

Humans exist in an habitual state of ego inflation, believing ourselves more competent than our behavior reveals, surrounding ourselves with people who validate our self-concepts. On the other hand, the unaided human brain cures diseases (placebo effect), grasps insight with lightning intuition, overcomes external constraints through faith and belief.

Neuroscience evidently confirms the observations of such pioneers of psychology as Freud, Jung, Adler, neurologist Jean-Martin Charcot, neurophysiologist Josef Breuer,

among others: the subconscious (the "other" mind) exists, and its operations influence and even determine our attitudes and behavior. Indeed, neuroscience and related cross-disciplines including neuroeconomics and neuromarketing, add to the credibility of psychology. With tools like tomography, magnetic resonance imaging (MRI), magnetic resonance spectroscopy (MRS), and others, we now witness the human brain as it functions, analyze it in real time, explain its responses to a myriad of stimuli.

A simple neurometric experiment conducted by Antonio Rangel, a California Institute of Technology economics professor and director of the Caltech Neuroeconomics Laboratory, confirms that narrative as much as physical properties may define any perceptual sensation, such as, for instance, pleasure on the palate. Rangel offered test participants two glasses of red wine, asking them to distinguish the superior vintage. In serving the first glass, Rangel characterized the wine as typical, nothing special. In serving the second glass — of the same wine, of course — Rangel characterized the wine as exceptional, of special provenance. Result: not only did participants proclaim the "second" wine as superior, they exhibited heightened activity in the pleasure centers of their brains. Conclusion: neurobiologically, wine tastes much better in companionship with a better origin story. (And yet, perhaps significantly, Rangel's study offers no supposition that the palate and pleasure centers of the participants may have been activated or prepared by the first glass, with the second glass merely amplifying their response — a plausible alternate theory.)

4. Other Findings

While Rangel's neurobiological revelation intrigues, its implications ring quite serious: knowing that our responses remain a factor of stimuli and physiology as much

as, and evidently more than, choiceful response, perhaps we can better understand, and better accept, people with all their biases and tricks, and purported flaws and neuroses; and perhaps we could begin by accepting ourselves.

And what of leaders and managers of companies, whose daily decisions affect the lives of employees, suppliers, customers, and shareholders? And what of presidents and rulers of nations?

A few provisional observations:

- Our self-concept forms through an unconscious process that amalgamates data with distorting illusions, that exaggerates our strengths, that minimizes our weaknesses, that magnifies what we like and minimizes what we dislike (Wilson).

- We believe ourselves more generous and competent than in actuality (Gorski; Rangel).

- Where emotions play, objectivity subsides; our brain automatically injects our dreams and desires into our experience (Westen).

- Company executives congratulate themselves for positive results, yet blame external factors for poor results (Clapham & Schwenk).

Extrapolating from these, we may reiterate that the diagnostic capacity of company executives commits to certain biases, and that makes them not grossly defective but simply human. Further, despite Freud's adamant avowals, our psychological complexes result not necessarily, nor at all entirely, from childhood trauma but through psychobiological configurations responding to stimuli and admixed with consciousness of cumulative experience.

Our incumbent question, then: how may we amplify lucidity toward mitigating the counterproductive personal bias and self-deception complicating our diagnostic decision-making?

As attested throughout this study, the initial step must entail acceptance of the subconscious, its existence and influence, and the consequent necessity for reciprocal reflection between members of a team, group, organization, company, community, and still larger organizations, to foster effective decision-making through understanding of ourselves and our propensities toward bias and polarity. One effective institutional form, especially in the business world, may be strong and independent governing boards, particularly those intentionally heterogeneous and therefore versatile of perspective and approach. Tasked with supporting and critiquing leaders, such groups facilitate self-assessment and self-criticism, and thereby connect management to personal, organizational, and market realities.

5. Neuroscience Encore

We each see someone else's problems much more readily than our own. Lucidity comes easy when our subject is someone else, yet myopia prevails when the subject is ourselves. Which impels us to seek other people's perspectives and, depending on each person, to consult with priests, psychiatrists, counselors, coaches, friends, or family members: to speak to our blind spots, to point a way through our confusion. Given these blind and impenetrable parts in our psyche, how do market researchers dare ask if we would like a new product, if we would buy it and use it? Or do they prey upon our unconscious impulses?

The current business cliché declares, "Give the customer what she wants." But what if the customer herself doesn't know what she wants? Evidently, humans know little about what really drives us and what we really want, which may explain the customary gap between what we say (our proclamations) and what we do (our performance). For

instance, we profess our wish to lose weight, yet remain lethargic, paunchy; we intend early waking, yet sleep well past dawn; we vow to overcome addictions, and persist in indulgences; we discuss the same things with the same people; we continually provoke wars and genocides while pronouncing ourselves "civilized" and "peace-loving." Suddenly a melody fills your head and repeats in loops, and you have no idea why. Driving across town locked in conversation with a friend, you reach your destination without realizing you changed speeds, without noticing how many traffic lights you sailed through. You realize an unanticipated attraction for someone because *ella tiene un no sé qué* — she has a certain…who can say?

Freud's greatest contribution may have been his theory of the unconscious, which posits forces beyond our consciousness that govern our lives. Freud defined this as a personal and psychodynamic matter, an amalgam of three explicit and competing forces: id, ego, superego. Jung identified still deeper energies, characteristic of the human species, that he insisted formed a collective unconscious: "another mind" that influences our behaviors, attitudes, thoughts, and feelings — more than we know, and certainly more than we credit.

Current neuroscience, based on CT scans and other technologies, evidently confirms these theories through direct measurement of brain responses, which often differ from or contradict the stated response of test subjects — for example, sexual stimuli activate a precise area of the brain even as the recipient openly denies arousal. Whether this finding seems paradoxical (self-contradictory) or congruent (affirming of psychological principles) depends on your perspective.

Neuroscience also measures responses to different brands. For example, blind taste tests by researchers at Baylor College of Medicine demonstrated Pepsi Cola consistently outperforming Coca-Cola. Yet when the beverages were identified by logo, a full 75 percent of respondents (three in four) professed their preference for Coke.

As discussed in this study's fifth chapter, Paul Whalen, a professor of psychological and brain sciences at Dartmouth and the University of Wisconsin, affirms Freud's central contention that "most of what we do every day is unconscious; life would be a chaos if everything was there in front of our consciousness". Further, Steven Pinker of Harvard and MIT proposes in *The Blank Slate: The Modern Denial of Human Nature* a form of biological determinism convinced hat we each conform to our genetics. Meanwhile Harvard's Daniel Wegner details in *The Illusion of Conscious Will* his notion of unconscious determinism insistent that we each cognate a mere five percent of our perceptual activity, and construct a retrospective illusion of rationality assuming credit for the unconscious 95 percent of our activity.

While elaborating the insights of psychologists, how does neuroscience connect with market research to ascertain, or induce, "what customers want"?

The next step in the evolution of market research techniques weds psychology and neuroscience through the devices of surveys quantitative, qualitative, in-depth, and, ultimately projective, as championed by Gerald Zaltman of Harvard. His patented Zaltman Metaphor Elicitation Technique sounds bombastic yet employs a simple method: indirect means such as metaphors and drawing or cutting out images induce people to reveal deep motivations and emotions about choices and decisions, mostly unconscious, involving consumption.

Recognizing that “language is limited,” Zaltman turned his attention to metaphors because their enormous psychic weight and depth guide our relationship to information and experience. That is, they provide a path for psyche to express, and an avenue into the unconscious. In congruence with Jung, Zaltman notes a body of typical experiences anchored in a foundation of mythic (or, per Jung, archetypal) figures: hero, villain, fire, flood, parent, journey, transformation, god, metamorphosis.

Zaltman employed his technique, for example, to design a hospital. Gathering a group of people, he asked them to select images and photographs from a range of magazines and newspapers with the notion of “hospital” and related themes in mind. As this exercise concluded, Zaltman and company identified the butterfly as a classic symbol of healing and transformation, and incorporated it as a central element in their plans and décor.

Where will neuroscience lead us? Will it offer decisive keys to definitively understand the human psyche? Or to decisively control it? Which is to ask whether these advances in human knowledge aid our collective quest to live and cohabit civilly, to end wars, to end poverty, to at last care for the planet, to break our habitual path toward self-destruction? As a species, humans study the Earth and its inhabitants, and space beyond, yet we turn to studying ourselves gingerly, with caution and perhaps with trepidation.

For the purposes of this study, we emphasize questions just as intriguing if somewhat more prosaic. Will neuroscience provide means to understand and address (and shape) consumer psychology? As the field develops, business continues its slow opening to observational and behavioral research, to development of further and better promotional drivers to launch products and persuade consumers to try them and to adopt them. In any case, these new techniques and the insights they embody and reveal support this study’s

central contention that any company intent on achieving and sustaining success must tune its sensors to psychology and neuroscience, toward investigating and, as appropriate, employing their insights and propositions, their theories and techniques, their investigation of the deepest impulses and resources of human being.

6. Personal Reflections

I tend to fall in love with new ideas, fresh perspectives, and innovative intellectual constructs. Little wonder that I as readily fall in love with authors. I am a compulsive reader: I read when I am stressed, anxious, or bored — and when I have homework and papers. Paradoxically, my love for and trust of authors does not extend to people generally. Having worked in the corporate world most of my life, I am well aware of the politics and ruthlessness that abound in this type of environment. Compared to office politics and the irrationality of the corporate shadow, a book somehow provides an aura of "truth," of making sense. Not that I believe everything I read. But I like to think that to understand an author I need to open myself to his or her ideas and keep watchful of my own biases and preconceptions.

From the perspective of Depth Psychology, each of us to some degree suffers neurotic complexes of inferiority, superiority, and blind spots in our internal and external awareness. Hence, managing any organization becomes, after all, very personal. As demonstrated throughout this study, not only our inherent functional (neurophysiological) blindness but the acquired blindnesses of hubris, bias, exclusionary modes of perception, and fixed formulae of operation and administration affect our clarity of thought, the lucidity of our decision-making. And perhaps more so for leaders and managers vested in performance and profit: their capacities to listen and learn, to interact, to implement and

pursue opportunities, to recognize and address errors, are materially and decisively affected by the one-sided agenda of business.

To reiterate a crucial theme of this study, even the most apparently rational people display irrational behaviors, and even the seemingly most kind-hearted people exhibit a dark side, while the supposedly “normal” among us indulge abnormal habits and reactions. Because of this — that is, since emotions, psychic constructs, and automatic subconscious behaviors affect the clarity of thought of our leaders and managers, as well as their ability to listen and learn, to interact, to recognize and address insufficiencies as well as opportunities — study of these complexes as they play within our burgeoning global economic climate becomes not only relevant but crucial.

As illustrated throughout this study, a central dilemma of modern society — and within the businesses that conduct its economic life — entails our overtraining in supposedly objective and obsessively quantitative rational thinking, and our undertraining in purportedly subjective and typically derided emotional qualitative thinking. Indeed, we may affirm — as Daniel Goleman outlines in *Emotional Intelligence* — that modern humanity wallows in emotionally illiteracy.

Because unconscious, these structures and behaviors regulate our behavior and influence our decisions. Applying the term “complex” to these unconscious structures and behaviors, Jung noted:

> Complexes interfere with the intentions of the will and disturb the conscious performance; they produce disturbances of memory and blockages in the flow of associations; they appear and disappear according to their own laws; they can temporarily obsess consciousness, or influence speech and action in an unconscious way. In a word, complexes behave like independent beings. (*CW* 8: 121, para. 253)

Which is to acknowledge that our leaders and managers tend to overestimate the world's visible material aspects and underestimate its invisible ineffable ones, and to overrate technical prowess and physical result and underrate — or, indeed, completely ignore — intuitional gnosis and psychic energy. Consequently, many manifest emotional (and concomitant ethical) ignorance as well as defensive and dysfunctional psychological structures, erratic behavior, and confused decision-making.

Among the greatest evils of our era ranks such personal blindness. Social dysfunction, addictive behaviors, depression in the workplace, family disintegration, suicide, and a pervasive sense of meaninglessness characterize our contemporary social dilemma and indicate a loss of individual emotional intelligence. No more immune — perhaps far more susceptible — business schools condition their MBA graduates to perceive and nurture a world of rational work almost utterly void of cognizance of, let alone engagement with, the world of emotional life.

And yet what boon, what benefit, our vaunted technological conquest of the natural world and our assiduous management of commerce in an increasingly global society bereft of individual connection to the applications and implications of that technology; bereft of individual connection to the natural world and our origins within it; bereft of individual connection to our approaches and strategies of management; bereft of individual connection to the commerce that could serve global society yet more often serves global conformity? What boon, what benefit, all this activity of "business" in an increasingly global society bereft of individual connection to the individual and collective? The individual shorn of, or untrained in, self-reflection and interpersonal communication; the individual enmeshed in existential doubt or depression; the

individual driven by bias, neurosis: such individuals make no effective use of our vaunted technology and its assiduous management, rather serving to operate and perpetuate them as devices of — expressions of — our unacknowledged, denied, dismissed shadow impulses and agenda.

Of course, we — and perhaps businesspeople more than others — repress our emotions and express them, even the positive ones, with difficulty, even extinguish them (or so we assume) in the face of rationalist attacks. Yet emotions do not extinguish but rather convert to energy and psychic burden that must eventually pour forth and flow, however much or little we want or realize it. Sometimes our denied or repressed emotions recur as dreams or occur as illness (an estimated 85 percent of diseases are psychosomatic). Other times the psychic burden of these emotions transmute into the raw material of complexes. Human beings are, foremost, psychobiological systems with potent reasoning abilities, not rational actors.

The so-called Modern Age encapsulates and incarcerates us, grandchildren of the Renaissance, children of the Enlightenment and the scientific method. Our tortured age crushes the individual human being by standardized design. And still the subconscious flows onward, however much the scientific method strives to thwart or silence or extinguish it.

Yet more frightening to the human agenda and its tumultuous civilization than our psychically armored perceptual capacities receiving 11 million pieces of information beyond our conscious differentiation, and more terrifying than our frustration at having conscious control over a mere five to 10 percent of our decisions and actions, looms our

willful lack of cultivation, development, and maintenance of our ostensibly limitless energetic and psychological capacities.

Physical hurts lead us without hesitation to the medicine cabinet or to our doctor's door. Emotional hurts — including depression, chronic boredom or insomnia, passion draining away, debilitating doubt nearly beyond articulation — we tolerate, or more often cover up, and most often dismiss, and seek no help: "I'm not crazy." We opt to suffer our dented (and especially our devastated) feelings in silence, to deny.

Then we project the psychic burden of these emotions into our environment: we get busy, work harder, indulge distractions, turn up the radio or television to avoid looking inside us in our solitude. Until the downfall arrives, too often manifest as addiction or life crisis. Over time, ineluctably, neurosis turns into dysfunction, and all we suppressed and avoided rushes up to meet us.

How else may we explain that, while "more advanced than ever," we, and our society, opt for self-destruction? We destroy our planet. We pollute ourselves, mind and body, with junk food, and grow collectively more and still obese. We continually wage war. And, still more, we keep at our disposal buttons ready for instant activation at any time to launch our planet's destruction "xx" number of times.

As long as hard metrics (efficiency and productivity, short-term profits and stock valuation, market capitalization) subordinate soft metrics (company profile and positioning, market performance and trends, customer satisfaction), business and its managers will balk at acknowledging the value of psychological and humanistic elements active within any company. Which may be saying that as long as hard metrics rule the

perspective and strategies of humanity, human beings ourselves will remain subordinate to the human shadows of ambition, greed, and predation.

Our greatest leaders in whatever field of endeavor displayed their most effective and inspiring and constructive attributes — albeit most often in the face of perceived or actual economic or national crisis — by systematically seeking balance between reflection and action, priority and implication, ambition and consequence. Our best approaches balance exercise and nutrition, family and society, aspiration and ambition, with the demands of the market, whether for products, employment, or progress.

Shall we pursue our goals driven by unconscious and habitual forces, or shall we acknowledge their existence and assimilate them, and employ them as resources enabling our most effective perceptions, choices, strategies, and actions? Which is to reiterate our earlier decisive questions, slightly reframed: will business and its management offer decisive keys to definitely understand the human psyche? To decisively control it? To cynically manipulate it?

Will our headlong advances in human knowledge aid our collective quest to live and cohabit civilly, to end wars, to end poverty, to at last care for the planet, to break our habitual path toward self-destruction?

Any cause or country or company intent on achieving and sustaining its viability (its "success") must tune its sensors to human psychology, toward investigating and, as appropriate, employing their insights and propositions, their theories and techniques, their investigation of the deepest impulses and resources of human being.

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