

# Unearthing The Leader's Code

*Ancient secrets for driving strategic domination*

*By Don Schmincke*

The Schmincke Research Alliance

[www.sraleadership.com](http://www.sraleadership.com)

# **PURPOSE: Explore The Hidden Side of Organizational Performance**

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*A collaboration of research efforts  
at Apple, Harvard, MIT, and Johns Hopkins*

# Agenda

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- The Problem: How effective is management theory?
- The Analysis: What are we missing?
- The Solution: What can our biology tell us?



# What Drove New Leadership Research

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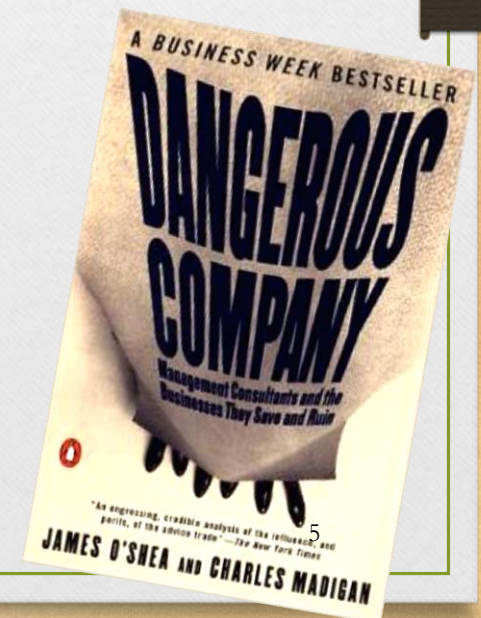
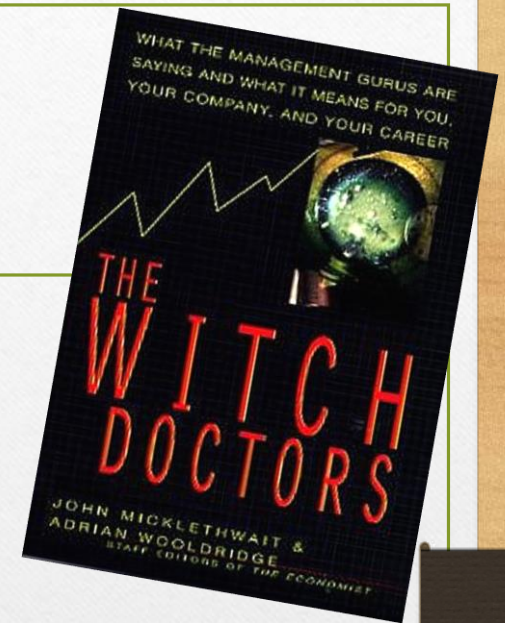
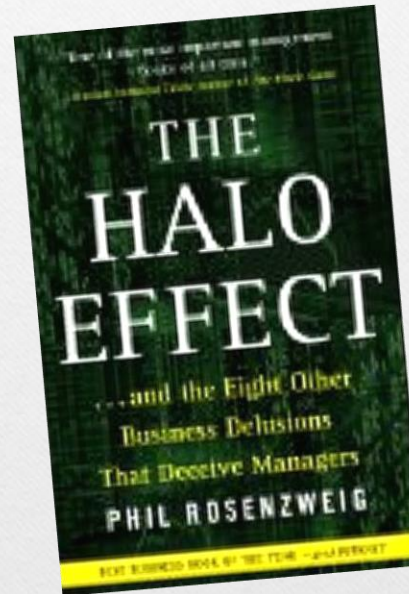
- Org change failure rates
- Executive cynicism
- Complaints from consultants, trainers and coaches

# ***Problem: High Failure Rate of Management Theory Implementation***

Harvard Business Review  


Why Change Programs  
Don't Produce Change

by Michael Beer, Russell A. Eisenstat, and Bert Spector





## *High Failure Rates of M&A's*

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- **Harvard:** . . . somewhere between 70% and 90%
- **Forbes:** Half of all M&A deals fail.
- **Wharton:** As high as 90%
- **McKinsey:** 66-75%
- **Accenture:** As high as 70 % and, in some cases, even 90 %.
- **CNN:** Far north of 50 percent.
- **Bain:** 70% Failure Rate.

Our Direct Client Experience: 1000 CEOs annually, 20% in M&A situations

- Underwhelmed with the results
- Due to org performance, not balance sheet errors.





# What's Going Wrong?

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Surprisingly, The Answer Doesn't Lie  
in the Methods We Learn  
From Business Experts and MBA Schools



# Chose Different Research Platforms

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- Evolutionary Genetics
- Anthropology
- Biology
- Neurology

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# Successfully Tested

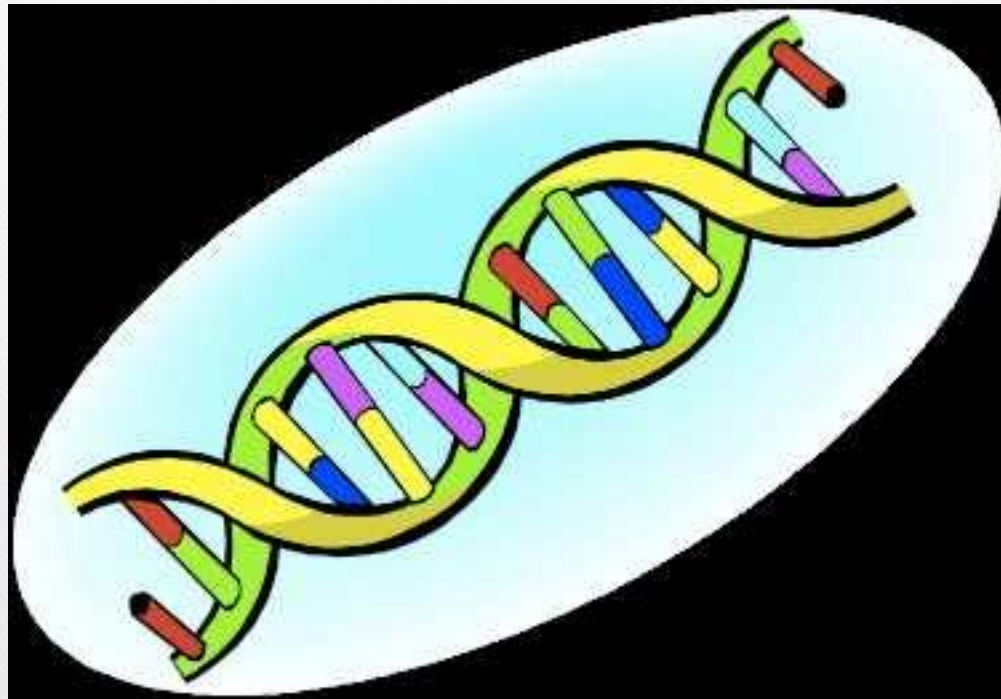
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- Country Cultures
- Military
- Non-Profits
- Companies
  - Accelerate strategic growth 3 to 10 times



# The Human Leadership Paradox

Ideal	<del>HOPE</del>	Actual
Visionary		Politics
Trust		Power Plays
Team player		Hidden agendas
Values		Backstabbing
Honesty		CYA
Integrity	<b>GAP</b>	Blaming
Focused		Entitlement Attitudes
Courageous		Turf Battles
Competent		Silos
Respected		Gossip
Humble		Triangulation
Decisive		Power





# Root Causes?

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Worldview, Paradigm,  
the Why, Values, What Is

Beliefs

Domain of ART

Nonlinearity, Epiphany, Intuition, Creativity, Being

Domain of ANALYSIS:

Linearity, Logic, Formulas, Predictability, Rationality, Systems

Behavior

WHAT

Content

- goals & objectives
- plans
- metrics
- org structure
- systems
- other Information elements

HOW

Process

- training programs
- policies
- procedures
- continuous improvement
- quality initiatives
- other methods and practices

RESULTS



# PROBLEM: Beliefs Depend on Observer

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What's Said	What's Heard
Disingenuous	Lies
Data Point	A guess
I haven't heard it expressed in that manner	That's bull
Their analytical rigor has not been completed	They're making it up
Let's talk about it off line	Shut up
We'll address that in a sidebar meeting later	Shut up, and sit down
I can show you our detailed analysis	Want some public humiliation?
We have assistance from the sponsor	We're going it alone
Very aggressive based on past performance	Not a snowball's chance in hell

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Tool  
Seduction

RESULTS



# TOOL SEDUCTION Examples

- Great programs, but seduction causes failure:
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- Deming Award
  - Baldrige Award
  - Re-Engineering
  - TQM
  - Teambuilding
  - Matrix Management
  - Enterprise Resource Planning (ERP)
  - Six-Sigma

# ERP Report Card

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Nike: \$400 million, \$100M lost sales

HP's "Perfect Storm": \$160M backlog losses

Waste Management: \$100M legal battle

Select Comfort: \$20M, "indicative of extremely poor judgment by management" (from SEC filing)

Hershey: \$115M failure, 27% market loss

FoxMeyer: 4th largest pharma distributor, collapses entire company

Snap-On: \$50 million lost sales

IRS taxpayer compliance project: Over 10 years, cost country \$50 billion

Dell cancels after two years of work and \$200 million



# But you already knew this

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- “I couldn’t believe it! Implementing TQM in our R&D department. Would our innovative thoughts be of insufficient quality? The classes were a waste of time. It was ridiculous.”
- “Why did we waste so much time on 6-sigma. I mean we were only making bottle caps. They worked great at 3-sigma!”
- “They hired a large consulting firm to implement matrix management. The power-plays at the top brought the organization to its knees”
- “We still haven’t recovered from the cultural damage of our latest re-engineering effort.”
- “When our boss read about Participative Management, he just abdicated everything. We were directionless. It caused 6months of productivity losses before he got back in the game.”

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## How To Accelerate Strategic Growth Via Belief Creation?



# Belief Creation Method #1: Compelling Saga

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- **Language inspiring passion for a strategic result.**
  - Inspires suffering/sacrifice
- **Getting rid of drama is a fallacy**
  - only creates vacuums
- **Most strategic plans are tactical, not strategic**

# Compelling Saga Examples

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- Komatsu: Encircle Caterpillar
- Honda (1970s): Yamaha wo tsubusu! We will destroy Yamaha!
- Lexus: Beat Benz
- Citicorp (1915): Become the most powerful...financial institution that has ever been.
- Coke: Put Coke within “arms reach”
- Boeing (1950): Bring the commercial world into the jet age.
- Nike: (1970s) Crush Adidas
- Walmart: Give ordinary folk the chance to buy the same things as rich people.
- FedEx: When It Absolutely, Positively Has To Be There Overnight.
  - ( *Beat the UPS communists* )

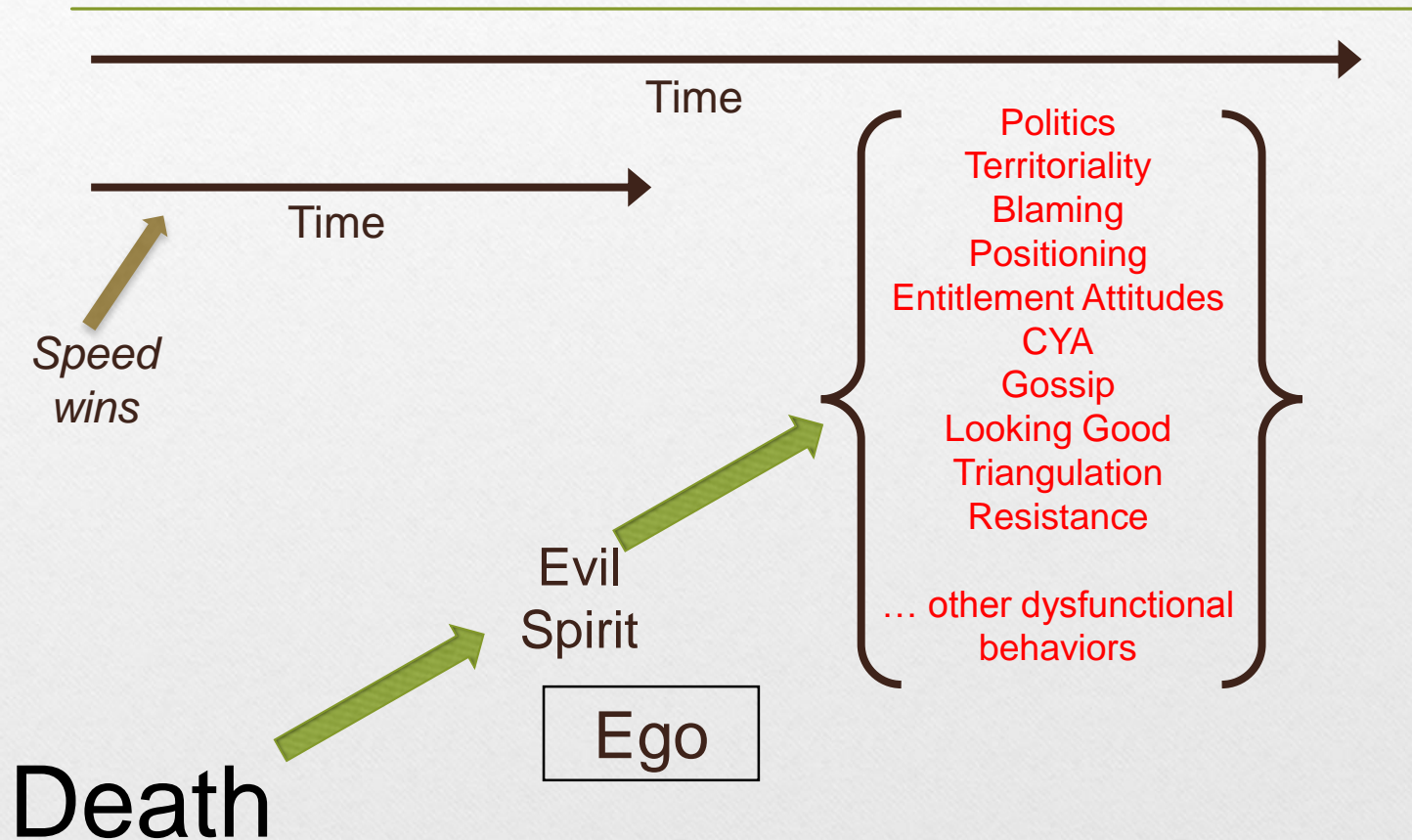


## Belief Creation Method #2: Executive Speed

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## Schmincke Samurai Speed Model





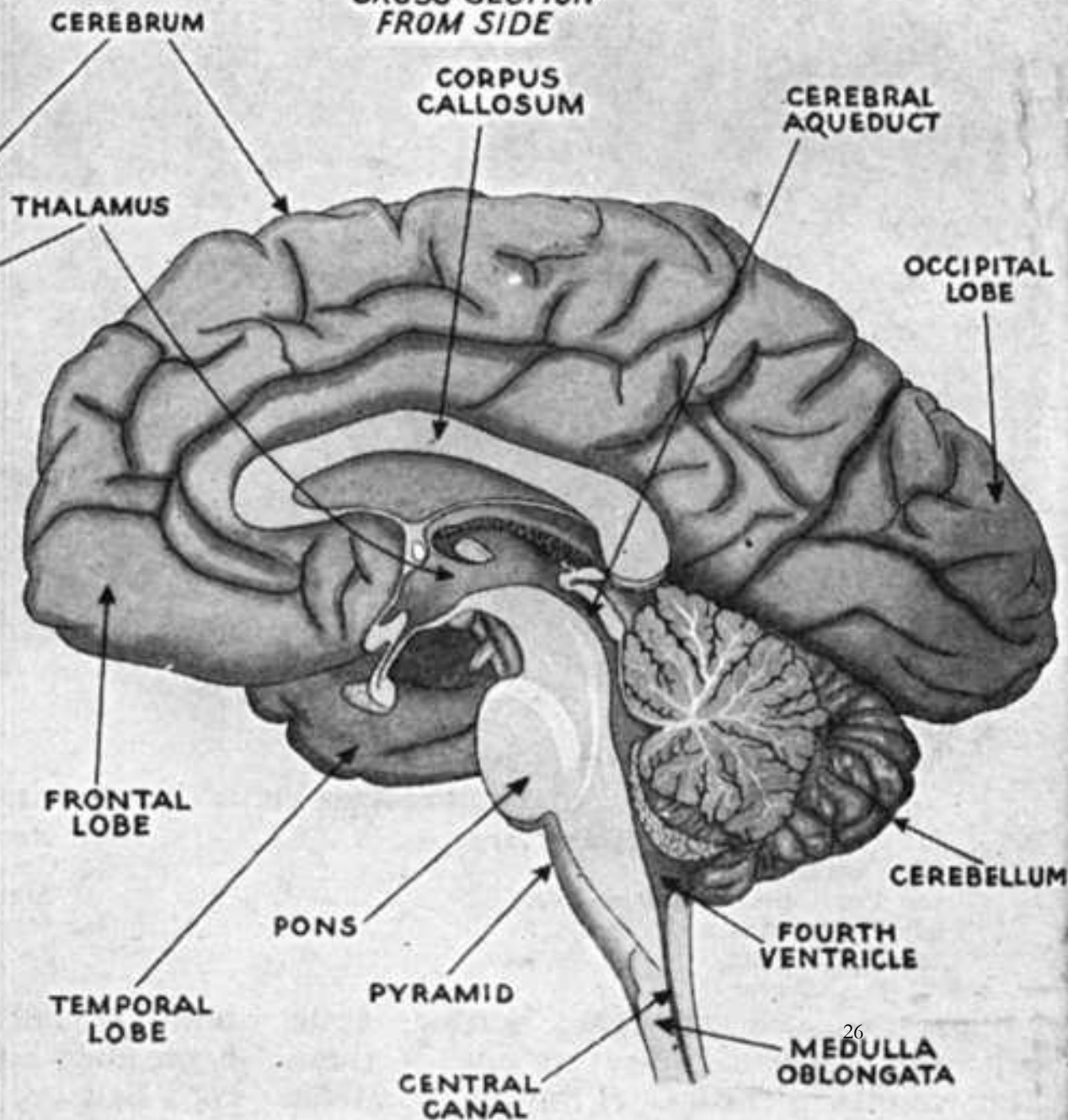
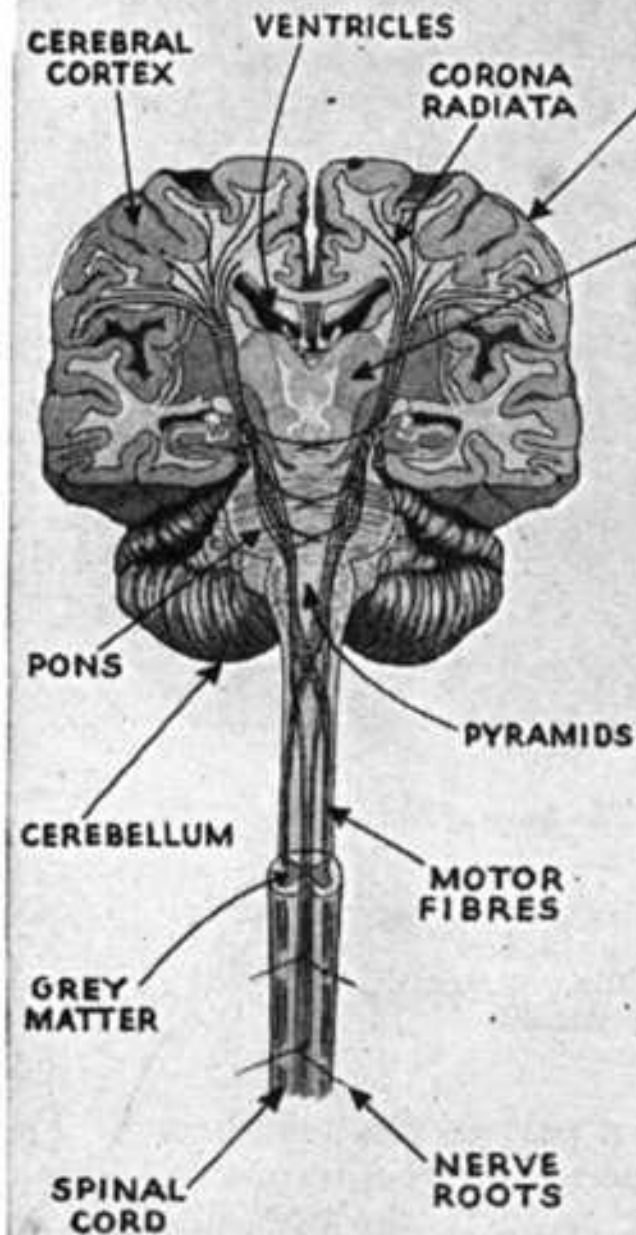
# Fear of Death

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- Causes People to Freeze
- Stops Innovation
- Magnifies other Dangers
- Could be the *death* of a project, plan, goal, career, market, constituency, department, budget, etc.

**CROSS SECTION  
-FROM FRONT-**

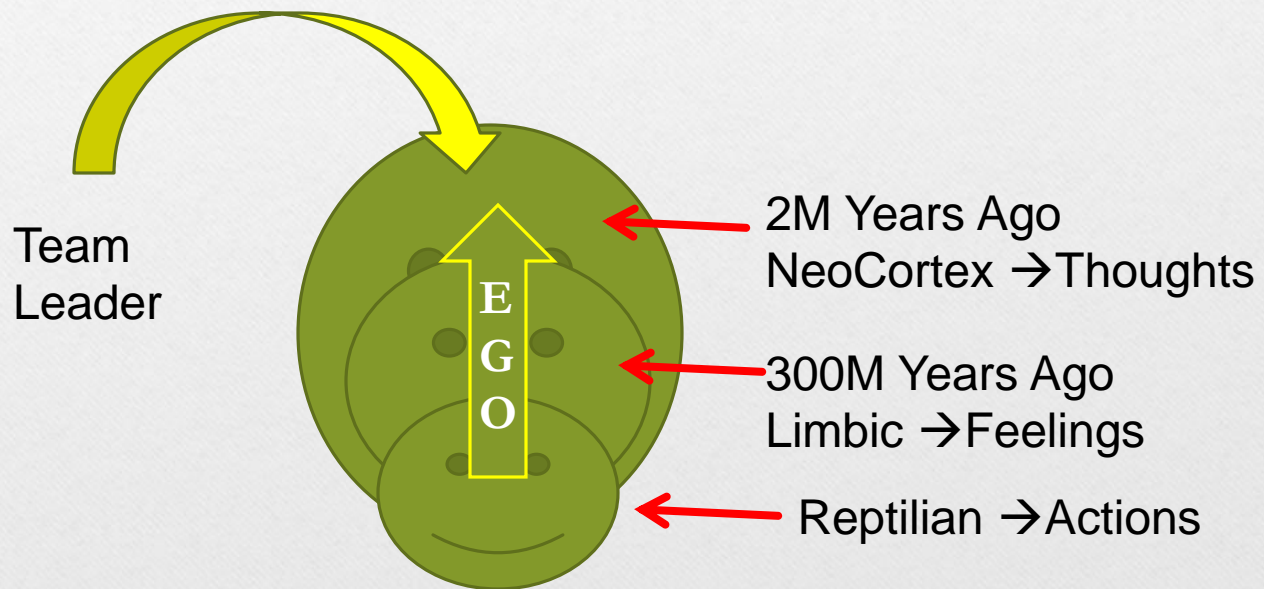
**CROSS SECTION  
FROM SIDE**





# Create a Strong Team

- Compelling Saga Gives Team Something To “Die” For



# The Leader's Job Description

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- Dominate the Neo-Cortex of the Primates You're Trying to Lead





## Executive Speed

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- Does your team know how to die properly?
- Speed in decisions and actions requires the death of dysfunctional, political behavior
- Saga > Selfishness

## Belief Method #3: Tribal Environments

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- Symbols
- Rituals
- Magic



# How Belief-Driven Methods Ensure Success

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	True Strategy	Focused Execution	Continuous Adaptation	Fast, Effective Decisions	One Force
Compelling Saga	X	X	X	X	X
Samurai Death			X	X	X
Tribal Environment		X			X

# *Research at Apple®*

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# What We Do Today

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The Schmincke Research Alliance, nonprofit institute

- Fund new research
  - Expeditions
  - Literature search and collaborations
  - Field testing
- Offers programs
  - Outmaneuvering the Competition
  - Sharp and Fast Executive Teams
  - Aligned and Accountable Cultures