

THE MINDSET YOUR COMPANY NEEDS TO GROW

The Land of No Failures

There was once an intelligent, competitive queen named Regida who ruled over a huge country. She felt that she knew how to do everything perfectly. She didn't allow for any mistakes. Everyone had a role to play and they had to play it exactly as they were told. In fact, if they didn't, they were quickly thrown into the dungeon. As you can imagine, her subjects were very nervous around her. Even those in her inner circle watched every step they made as if they were walking on eggshells. If they didn't do things precisely as she had commanded, they covered up their errors. After all, no one wanted to be thrown into the dungeon and fight with rats over bread.

One day she overheard some gossip about the land that bordered her country. She had heard that the new queen there, Queen Aprenda, had unorthodox views. She became very curious and decided to pay her a visit.

When she got to Queen Aprenda's court, she noticed lots of talking and laughter. Someone dropped a decanter of wine in her presence and no one seemed alarmed about it. They merely quickly cleaned it up. The ladies of the court acknowledged her presence and bowed before her, but they didn't seem fearful.

Finally, trumpets sounded and Queen Aprenda entered the room. She wore a simple dress though she did wear a crown.

"Hello, Your Majesty," said Queen Regida.

"Good day to you," said Queen Aprenda. *"Let me take you on a tour while we talk."*

And so they walked with their entourages and as they did Queen Regida noticed that the citizens were bright and cheerful. They were working on all sorts of new inventions she had never seen before. There was a sense of excitement in the air.

"Your citizens seem so happy," said Queen Regida.

"Yes," Queen Aprenda said. "We have been nicknamed the Learning Kingdom because we encourage our subjects to learn...and to learn you must be willing to make mistakes."

"In my country, we don't make any mistakes!" exclaimed Queen Regida proudly. "My citizens are perfect in every way."

"I see," mused Queen Aprenda. "I used to be just like you. One day I went to the court magician for help. I asked him for some special magic to make the citizens happy. He was very brave. He told me I didn't need magic. He said unless I changed my ways, my country was ultimately doomed to failure. By trying to create a Land with No Failures I had created the biggest failure of all—a land where the people weren't free to learn or try new things. He told me that the pathway for the most fantastic successes was always paved by failures."

"So what did you do?" Queen Regida asked.

Queen Aprenda laughed. "At first I thought about throwing him in the dungeon until I calmed down. But then I realized he was right. I encouraged them to live their lives with a sense of freedom and not be afraid to try new things and I did the same. Since then our country has blossomed."

Queen Regida went back to her country with a new perspective. She didn't want her country to be called "The Land of No Failures." She wanted instead to make it "The Land of Fantastic Successes." She vowed to change her ways.

What is a Paradigm?

A paradigm is a way of viewing things. Queen Aprenda shifted her paradigm from *failure is intolerable* to *try new things*. One paradigm that's frequently cited is *fish in water*. Imagine that you are that fish. You were born in water. That's all you've ever known. Do you think it would occur to you that there is an entire world of creatures living outside your environment? Everything you've ever done, in fact your entire physical being, is adapted to the water you live in. It certainly gives new meaning to the phrase, "*she's a fish out of water*."

The reality is that we know at some point water creatures adapted to a land environment. To get new ideas and to grow as an individual and as a community you need to be willing to identify and break your existing paradigms and adapt to new environments. If you had been a fish, would you have been the one to swim out to land for the first time? Would you have had the courage to be a "*fish out of water*"?

Another example that illustrates paradigms well is the action of putting on a pair of colored lenses. Almost all of us have had the experience of looking through tinted lenses. When you do so, it gives you a completely different experience of your surroundings. In fact, there's a well-worn phrase here too. We say, he looks at the world through rose-colored glasses, which means that he has a positive, and perhaps unrealistically optimistic view of life.

But, no matter which lenses we choose to use, if we wear them often enough, they will begin to color our perception of the world. We become used to the "reality" we're experiencing and we forget that there may indeed be other realities. We forget that different lenses may present us with different viewpoints and new, potentially exciting, worlds to explore.

New paradigms don't generally evolve from existing paradigms. Thomas Samuel Kuhn, in his influential 1962 book *The Structure of Scientific Revolutions* stated a fascinating observation of scientific paradigms, one that can be applied to business cultures as well.

"New paradigms are not logical extensions of existing paradigms. They represent leaps of intuition. Round world doesn't logically follow from flat world.

Creating a new paradigm means creating a fundamentally different outlook. A different outlook will bring a different reality. Are you ready?

Stop Broadcasting, Start Narrowcasting

Many companies use the paradigm of “broadcasting” to obtain a base of customers. Their leadership team believes that if they market to as broad a group of people as possible that it will give them the best chance to attract a larger customer base. Often this paradigm leads to a generic sales message that has little chance to resonate with the customers they’re seeking. This spray-and-pray strategy where a very large budget is spent in the hopes that the appropriate customers will show up is only one way of looking at marketing and advertising.

There is another strategy that is a completely different paradigm. It can be described as narrowcasting. It depends on targeting a small group of superfans who will then take your sales message and broadcast it for you, just like the ripples in a pond when a pebble has been thrown in. And who are these superfans? Every sport, every product, and every service has a potential for superfans. Superfans are the ones standing out in the stadium with team-colored underwear in freezing cold weather. They’ll do almost anything to associate themselves with the teams and products they love!

One company that used the narrowcasting strategy with great success is Pinterest. You’ve probably never seen an ad for Pinterest. The start-up leadership team at Pinterest thought carefully about a potential strategy for narrowcasting where they could achieve the greatest results with limited funds.

Their reasoning went something like this. Let’s find a group of people who have

- A problem that our app solves better than other competitive apps
- Lots of free time to experiment with our app
- A very large circle of friends who would also be interested in the app
- A compelling reason to take the time to share the app with their friends

After much research, they decided on one of the smallest circles of people who fit these criteria: stay-at-home moms who wanted to share recipes with their friends. So they began to market Pinterest as a recipe-sharing tool. Of course the creators were well aware that Pinterest had far-reaching applications and could in no way be described as merely a way to share recipes. However, by targeting this specific problem, they threw a pebble in a pond to get started and as a strategy it worked.

In 2010, if you were a stay-at-home mom who was a superfan of cooking programs you could use Facebook or Twitter to share exciting new recipes with your friends. Once these women learned that there was a new way to share recipes that was tailored for their needs they quickly became curious.

The start-up budget for marketing was not high since the initial group, the first circle, wasn't very large. However, as this targeted group began to share their recipes to an average of 20 friends each, the group quickly expanded. Their friends had to download Pinterest in order to view the shared recipes and once they used Pinterest they began to use it with their friends as well, which created the third circle. By this time, those who were using Pinterest on a regular basis began to share ideas for home decoration themes and favorite summer trends. The app began to take off. As of 2021, Pinterest has more than 459 million monthly users.

Stop Persuading, Start Selecting

Another very common paradigm is that salespeople need to persuade customers to buy and, if for some reason those customers are not receptive, to overcome their objections. This paradigm creates an environment where the salesperson's job is to push or coerce people into buying a product or service. By its nature, a paradigm is invisible, so within this construct salespeople must continuously find new and more effective ways to persuade people. They must work hard to convince them of the value of a particular product or service. In some cases, they must strive to "create a need" where one may not yet exist.

However, there is another route. Another perspective might be to focus on the customers who are already excited about a company's offerings. In this way, more effort is put into locating potential superfans and selling to them easily and quickly. To see if this strategy would work, it would be necessary to adopt, or at least test, a new sales paradigm.

My friend, Jeff Hoffman, the co-founder of Priceline, uses a powerful story to illustrate this principle.

Once one of my salespeople had two presentations on the same day. He prepared 20 slides to sell our product to two potential customers. In the first meeting, he gave the pitch and finished all the slides. The entire time the customer nodded, took notes, and asked questions. When the presentation was over, the customer was receptive and said he would get back to us. My salesperson thought the meeting had gone well and so did I. Then we went to the second meeting. On the second slide, the prospective customer stopped us in our tracks when she said, *oh my God! Where have you guys been all my life? I've been looking all over for something like this, I'll take it!*

When we got back into the car, I told my salesperson, *you have a new job description. Your job is to locate all the sold-on-the-second-slide customers and sell to them.* His response was something like, *just give me a couple more weeks with the 20-slide guy and I'm sure I can close him.*

That's when I realized that a major paradigm shift was needed within our company so our sales department could sell more quickly and use time more effectively. We didn't need salespeople to take classes on how to overcome objections. We needed them to take classes on *finding yes customers faster*. In the time it would take to convince just one 20-slide customer to say yes to our product, 10 two-slide customers could have already bought from us. Our salespeople needed to go on a hunt for those two-slide customers. That became our new goal!

Paradigms Shape Perspective

For better or for worse, our paradigms shape our view of the world. They influence our attitudes and therefore they also influence our behavior. Although we're not frequently conscious of it, our paradigms influence our long-standing beliefs about *how the world works*.

Our core beliefs are often difficult to change because they were formed by a memorable past event or experience. Since that initial imprint, they may have never been analyzed or examined. They have become the permanent lenses through which we view the world. Often, we can't even recall how the world looks through a different lens.

At work, these beliefs might influence the way we approach a salary negotiation, how engaged we are in the company's innovations, or how loyal we consider ourselves to be. They might also influence the number of hours we feel we should work or how we deal with interpersonal challenges on a daily basis.

In our personal life, our paradigms and core beliefs might shape what success means to us, what we feel we need to make us happy, and whether we believe people have good or suspect motivations. They might also shape how we feel about people who hold different political opinions or how we feel about which diet is best for our health.

Our System's first four roots—Priorities, People, Process, and Problem Solving—are highly observable. The fifth root, Paradigms, is less observable, but transforming paradigms and core beliefs can bring about more dramatic changes than any of the others. Paradigms and the beliefs they influence create the axis upon which your entire company revolves.

Shedding limiting beliefs and creating empowering ones gives you and your employees a revitalizing freedom. Once we break those bonds we realize that they are self-imposed limitations. Here is an example from my own life...I used to have a crippling fear of public speaking. My limiting belief echoed in my mind...*I can't do this. I have no talent for it!* But life has a funny way of presenting you with opportunities to face your fears. My first opportunity happened when my 1st start-up company landed its 1000th business account. My twenty-two colleagues came rushing in after they heard my hooting and hollering and I realized I would need to make a speech. Fortified with a little Chivas Regal, mind you this was 10 am, I got through it, but I was sweating and uncomfortable. Afterwards I didn't remember a word I said!

I vowed to myself I would never do any public speaking again. But, another opportunity came, and it was at my father's 60th birthday party. My siblings asked me to give a toast. When I stood up to do so, there was an earthquake going on in my chest. My heart was pounding and my hands were shaking. I can't say that I remember much of that evening except for one of our close family friends suggesting that I not give up my day job to become a public speaker.

When I went back to business school this point was emphasized by my professors as well when they said choose a profession that's geared toward the skills you've mastered. Evidently I didn't get that message, because after I graduated, as my friends were going off to their professions in banking and management, I toured the country as I talked at college campuses for five weeks. In an effort to ease my fears, I hungrily digested self-help books. Then I came across an idea that grabbed me. It was a shift in perspective. The idea was NOT to give a presentation or a speech. Instead, it was to think about having a conversation with just one person at a time. Imagine that! Even if there were 100 or 1,000 people in the audience, I could just talk with one person at a time. So I immediately implemented the idea. I would make eye contact with just one person and share a single thought for 5 to 10 seconds. Then I would move on to another person and do the same thing. It felt remarkably comfortable. Soon thereafter, my fears finally at bay, my job became helping professionals conquer their fears about public speaking. How ironic life can be!

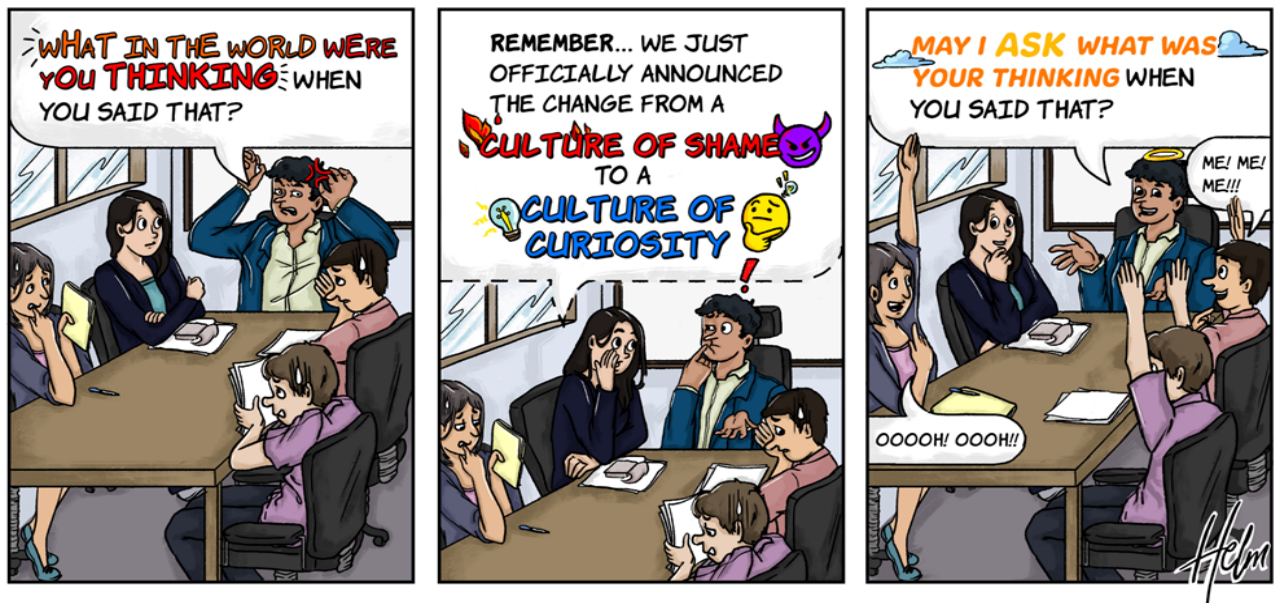
The Story of Ken Olsen

In the mid 1950s, Ken Olsen co-founded DEC. His company was the first manufacturer of mini-computers, what we refer to as servers today. DEC grew to over 100,000 employees and became the second largest computer company in the world. How did DEC propel itself ahead of the competition amidst the massive change and innovation of that era?

Olsen built his company on certain paradigms, which were different than the predominant paradigms at that time. Here are two examples. He often told his teams that they would uncover the truth through conflict. As he explained, individuals can't always objectively evaluate their own ideas. Therefore, in order to arrive at the truth, ideas need to be debated to see which ones survive that process. Empirical tests should be used as well where possible.

Another paradigm he presented was the concept that once someone was accepted into the company, they could not be ejected. His belief was that if there was a mismatch between the person and his or her job, then it was not the fault of that individual, but instead was a failing of the overall team. As a result of that belief, every member of the company felt secure. Out of that security came the ability to feel free to express ideas and problem solve with transparency.

At DEC, these paradigms weren't just plastered on posters and coffee mugs. They became part of the culture and were adopted by employees at every level of the organization. As a result, the employees at DEC became masterful problem solvers and the interactions among employees yielded powerful innovative results.



The Story of Steve Jobs

Jobs always believed in thinking differently. He wasn't afraid to disrupt the status quo. As the last line in the famous *Think Different* ad says...*because the people who are crazy enough to think they can change the world are the ones who do.*

This banner of authenticity and non-conformity appealed to a younger generation. He infused art into technology and made it fun. He designed Apple's products for simplicity and intuitive user interfaces instead of just piling on more features. He clearly succeeded on this front since three-year-olds can easily maneuver on iPhones and iPads.

For many years, there was a strong belief in the computer industry that software should be run on any type of commodity hardware. Jobs rejected this premise. Instead, he believed that elegant software should be paired with elegant hardware to deliver the most gratifying user experience.

Jobs revealed that the calligraphy courses he took at Reed College provided him with the inspiration to design the Mac computer to create typography. This feature broke the mold because at that time most computers were driven by Microsoft's DOS or green-screen command-line interfaces.

In 1983, when the company at large sought to become more market-oriented, Jobs brought on John Scully from Pepsi as CEO. Scully felt that the culture Jobs had created within Apple was preventing him from becoming successful at his role, so he fired Jobs from his own company.

A decade later, Scully was fired because he never earned the respect of Apple's technical community. The employees at Apple had strongly held on to the paradigms that Jobs had introduced—Think Different...being authentic matters instead of succumbing to prevailing market conditions.

So the leadership at Apple hired Jobs back and the company went through a powerful renaissance. They returned to their roots of creating smaller, lighter desktop products that were easy to use and beautifully designed. His return to the company and to the paradigms that had made Apple great inspired a whole new generation to be fearless enough to disrupt the status quo.

How Do Paradigms Affect You and Your Company?

The culture at your company is basically a set of paradigms, both explicit and implicit. The implicit ones can be dangerous because they don't get inspected or discussed. Instead they sometimes emerge from observable behavior.

For example, if an employee sees that her line manager never takes her feedback on board, that example prompts her to infer that she doesn't need to take the feedback of her direct reports into consideration either. If there isn't any interaction among colleagues outside of work hours, the conclusion might be that socializing with work associates isn't part of the company culture.

Humans are proficient at observing their environment and adapting to survive within it. That's why implicit paradigms can spread like wildfire throughout a company. This can be a positive fire that inspires people if the modeled behavior is beneficial to the organization or it can be a fire that incinerates if it promotes negative behavior.

Sometimes an existing paradigm has disastrous consequences. The example of the NASA Challenger launch is one such case. It all came down to an implicit paradigm that the launch date could not be altered. It was sacrosanct. Although the actual explosion was caused by a faulty O-ring, the problem was known and concerns had been voiced by engineers at the eleventh hour. If just one individual had stopped and questioned the paradigm regarding the launch date, the disaster could have been averted.

How Do You Become Aware of Your Implicit Paradigms?

Pay attention to what causes you and your colleagues to become frustrated. Here are four questions you can ask yourself and your employees to uncover paradigms.

- 1) What is causing your frustration?
- 2) Can you provide any examples that clarify your frustration?
- 3) What belief or beliefs might be enabling or causing those instances?
- 4) What new paradigm could lead the way to a better reality?

Paradigms are often deeply embedded within a company's culture. As long as the founder or CEO embraces a particular paradigm, it's likely that the leadership team will embrace it as well. It's difficult to imagine that NASA's leadership would have embraced a paradigm that was in conflict with the beliefs of the Head Administrator.

Not every example of rigid paradigms has devastating results, but it's important to analyze your company's paradigms because they have the power to either help or hinder your company's day-to-day goals and overall success.

How Do You Change a Paradigm?

As Einstein said, “No problem can be solved from the same level of consciousness that created it.” In order to step into a higher level of consciousness, and to get others to join you, requires open-mindedness, conviction, and a desire for action.

John Allison was the CEO of BB&T (now Truist) from 1987 to 2010. Many consider him to be among the greatest leaders of our era. In 2008, during the subprime meltdown, all of the top ten banks in the United States, with the exception of BB&T, required a government bailout to remain afloat. BB&T did not take one penny because it had never participated in subprime mortgage lending to begin with. Their paradigm was that such lending was politically motivated and economically unsound.

Subprime loans had been given to homebuyers who could not be approved for traditional loans because of their weak credit history. When the housing market crashed in 2008 and unemployment became rampant, many of these borrowers couldn't repay these loans anymore and the banks had to foreclose on their properties. Due to the collapsed housing market, the banks couldn't sell off these foreclosed properties at prices high enough to pay off their existing loans. The end result was massive debts that the banks could not repay.

The only way out for these institutions was to be bought out by a larger, more stable institution or to take government bailout money.

How did BB&T escape this fate?

John Allison's mantra was “Create win-win relationships.” He echoed that in countless ways: Never take advantage of other people. Never self-sacrifice. And so on. His team clearly recognized that subprime mortgages were unsound assets that would place the bank at risk. The customers were being taken advantage of as well since they really could not afford these homes. He didn't want his employees to be martyrs or altruists in order to have people fulfill their so-called dreams of home ownership. Instead he wanted his teams to be honest traders as they exchanged value for value. He had a sound understanding of the larger picture of the connections among the wellbeing of a community, both his employees and his customers, and how that wellbeing impacted the bottom line. He encouraged his employees to always consider the long-term impact of their decisions. This made their choice to avoid the toxic subprime mortgages an easy decision to make.

What Makes Paradigm Change So Challenging?

To enable a paradigm shift, we need curiosity-in-action. By changing perspectives, i.e. taking off our current lenses, we discover our own assumptions and the assumptions of others. To do this we must slow down our thinking to reflect on how we have formed our paradigms in the first place.

I used to bring CEOs together for Mastermind groups so they could share challenges openly among peers and advise each other. Our business model was pay-per-attendance. I lamented to a friend that we couldn't hold events more often than once every three weeks because most people couldn't commit to attending more regularly due to their changing schedules. This put us at a disadvantage since much work went into the planning and content of these events.

He suggested we change to a subscription model so that there would be more commitment on the part of the customer. I had a knee-jerk response and rejected his advice due to the amount of work it would take to set up. I felt that I was already stretched too much. Eight months later, after he had repeated his sage advice several times, I finally implemented the subscription model, which changed the game for our company.

It's our natural instinct to defend a decision we've already made. Even when we are presented with proof that our decision might not be the best one, we tend to hang on. We get defensive. We may have put in a considerable amount of time and money into that particular course of action as a result of the decision. We don't want our efforts to be wasted. Psychologists call this the *sunk-cost bias*.

This tendency toward defensiveness blocks us from assessing what is best. We stay entrenched in our current thinking. As we continue to try to solve problems from the pre-existing paradigm, we're simply painting the deck chairs on the Titanic instead of identifying the iceberg. Interestingly, children with their natural curiosity, are not as vulnerable to this *sunk-cost bias* as adults are.

Therefore we need to revert to child-like curiosity more often. We must look at challenges with a *beginner's mind*. We must let go of all our assumptions in order to question or probe the most basic tenets.

To cope with our reality, we have to know it. And, the best way to deal with your reality is to create the reality you seek!

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