

This **Insight** is 714 Words.

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Value: Priceless

Transcendental Defenestration

Hidden in an issue of *Fortune* this month was a sayonara to Iomega, which has been snapped up by EMC ("Farewell to a Former 'It' Stock"). Author Jon Fortt noted that the company's "attempts to sell more standard fare like hard drives and MP3 players didn't help much." Didn't help much in this case meaning "failed miserably." A stock which once jettied in the over-\$100 thermals was found crawling around in the Filene's Basement of equities at \$2-to-\$3 per share.

Our Take

Iomega's tumble resulted from their inability to let go of what they did well. For all the talk these days about building on your strengths- a philosophy which I wholeheartedly support- you have to periodically jettison your strongest assets to reach the next level of success. This is the difference between evolution and transcendence.

Iomega's competitive advantage was in building disk drives and they stuck to that competency like a toddler clings to his safety blanket. Maybe you bought a Zip drive back in the day, but did you go for a Jazz? How about a Click-disk? Me neither. Evolution may move a company from good to great for a while, but leaping into the next zone of performance takes an entirely different outlook.

For those who enjoy sports examples: this week Tiger Woods performed a miracle feat winning his 14th major title on a hobbled knee. Beyond the lesson in persistence and focus is the work Woods did years ago to elevate himself to superhuman performance: after crushing the competition at the 1997 Masters he tossed his swing out the window. What, driving 300 yards wasn't good enough? It was good enough to win for the moment, but not good enough to dominate for the long term.

The critical question: when should you continue to improve a process, product, or capability versus adopting the more radical, Schumpeterian approach of creative destruction? Equally important, how do you get past the natural desire to hold tight to your most valuable assets?

Abandon the linear, evolutionary approach embodied in traditional management. The hallmark of this style is "then" statements; first fix this, then fix that. First we'll get our segmentation right, then we'll improve our message. First we need to get the right people in place, then we need to improve their skill sets. Notice the assumption that once a problem has been resolved it is no longer the most important problem, and once an asset has been strengthened the focus should be put elsewhere.

A better management technique is wiping the slate clean after every adjustment and assessing the growth bottlenecks afresh. It turns out that after you've improved segmentation, sometimes the biggest boost to growth comes from improving it yet again. After getting in a new cohort of people, the gaps in the organization may still be a bigger constrictor on growth than skill gaps.

Unfortunately, your ability to improve performance at the bottleneck necessarily starts to diminish over time. Do you just keep hammering away at it? Do you give up and focus elsewhere? No, no! That's when you blow the whole thing up. Throw it out. Transcend. If insanity is doing the same thing over and over and expecting different results, then delusion is making an evolutionary change and expecting revolutionary results.

All too often, companies opt for projects and vendors who will deliver marginal improvements. These programs look as harmless as ripe fruit, but from the sidelines many of us are yelling, "Snow White, don't take the apple. Can't you see she's a witch?" Alas, businesses, like princesses, grab the apple and are in for years of somnolent performance.

You can take a different path. Eschew modest improvements on ancillary pieces of the business in favor of the harder job of attacking yet again the mission-critical area where you've just finished a successful project. Open yourself to the possibility of throwing away your best work and starting from scratch; to defenestrating your assets; to moving from evolution to transcendence. It's scary, but beats seeing your value fall from country club to car wash.

Ready to boldly toss your strengths out the window? At least ready to look out the window? Need a window? Pick up the phone and let's explore how to make it work.

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