

Roger Martin's Unconventional Wisdom



Roger Martin,
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Rotman School of Management Professor and former Dean Roger Martin, who joined Bridgespan's Knowledge Advisory Board as chair in November 2014, recently sat down with Jeff Bradach, Bridgespan's managing director, for a conversation viewed companywide. (Martin happens to be *Harvard Business Review's* most published author.)

Their "fireside chat" covered issues ranging from nonprofit strategy to innovation and personal social responsibility. Here we share four pearls of unconventional wisdom excerpted from Martin's comments.

Don't mistake non-choices for strategy

The very essence of strategy is explicit, purposeful choice. Strategy is saying explicitly, proactively: "We're going to do these things and not those things for these reasons."

The problem with a lot of strategies is that they are full of non-choices. Probably most of us have read more than a few so-called strategies that say something like, "Our strategy is to be customer centric." But is that really a choice?

You only know that you've made a real strategic choice if you can say the opposite of what that choice is, and it's not stupid. So, think about 'customer centric.' The opposite would be what? We ignore our customers? How does that work? Can you point out many companies that succeed and make lots of money ignoring their customers? Well, then being customer centric is not a strategic choice.

Here's another example: "We're going to be operationally effective. We're going to show attention to execution." You see these sentences all the time in strategies, but they're not strategic choices. Always think of the opposite. "We're not going to be operationally effective." If the opposite is stupid and is demonstrated by the fact that nobody who's had any kind of success has ever done it, then it's not strategy. You get a little bit of credit for that—like getting a D-minus grade—but I would hope that most nonprofits aspire to be greater than that.

I often use the mutual fund industry as an example of where the leading players have made real choices. Vanguard's founder John Bogle says, "Picking stocks is stupid. It's bad for the investors. It wastes their money. Just buy index funds." That's all Vanguard offers. How do we know it's non-stupid, that it has a strategy? Because Fidelity says the opposite, "Portfolio managers are the absolute heart of the strategy. We put together portfolios that are customized to our clients' needs." So we have two super successful mutual fund companies making the opposite choices. That's strategy, and that's what you should seek.

Don't confuse planning with strategy

What happens too often is that cyclical planning overtakes strategy development.

This is because setting strategy is an art form, but it comes with a lot of bureaucratic baggage, and often the baggage gets ahead of making the purposeful choices. We know we have to organize things. We know we have to tell people what they're going to do. We know we have to have and budget for initiatives. So, developing strategy ends up being an exercise in agglomerating initiatives, assigning responsibilities without a coherent set of choices that help bind them.

I would argue that 90 percent of the strategic plans I've seen in my life are really more accurately described as budgets with prose. Lots of prose at the front end of a budget. In some sense, that's a better budget than simply a budget that has only numbers. But it's still a budget; it isn't a strategy.

You can't analyze your way to innovation

American pragmatist philosopher Charles Sanders Peirce observed a hundred years ago that no new idea in the history of the world had been proven in advance analytically. And he's still right. Yet, when people come up with new ideas and organizations, what do you think the instruction tends to be from the people who could either green light it or not? The standard response is: "Well, if you can prove it, we'll invest." The problem is, by asking that question, they are ensuring that the innovation will not occur. If you're into destroying innovation, two words—"prove" and "it"—will do the trick.

Your task is to figure out how to imagine a situation where you can be given the opportunity to test that new idea in a way that won't cause a hit below the waterline. You have to convince people to try something as an experiment and make them understand that an experiment is the only route to doing breakthrough stuff. If you want breakthrough stuff, the skill that you need is the skill to design a great experiment. Only then, after the experiment, can you generate the analytical proof that suggests to an organization that it should do more in a given vein.

Because you can't analyze your way to innovation, most of the dialogue on big data (surfacing trends from massive databases of information on customers, consumers, or taxpayers) is delusional, and I say that even though I'm a total data hound. People seem to think that big data reveals innovation. But I believe you have to have data and creativity at the same time. In the scientific method, there's this thing called "hypothesis" and then there's an experiment to test to figure out whether the hypothesis was right or wrong. To innovate, you need the hypothesis, which is creative. Big data, to a great extent these days, is hypothesis-less analytics and crunching.

Step one for improving society is right in front of you

I have this view of life that to the extent that the sun shines brightly and warmly on your face, there's a dark shadow behind. When the sun is on your face you have to think about what the shadow is, who it's affecting, and how to help those people get into the sun.

I think the best way to make the world a better place is to recognize that God, or whoever you happen to believe in as a higher power, does put people in your path and if more people just stooped to help whoever is in their path—not dedicating their entire life to the effort, just stooping to help the person in their path—that would have the biggest impact.

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