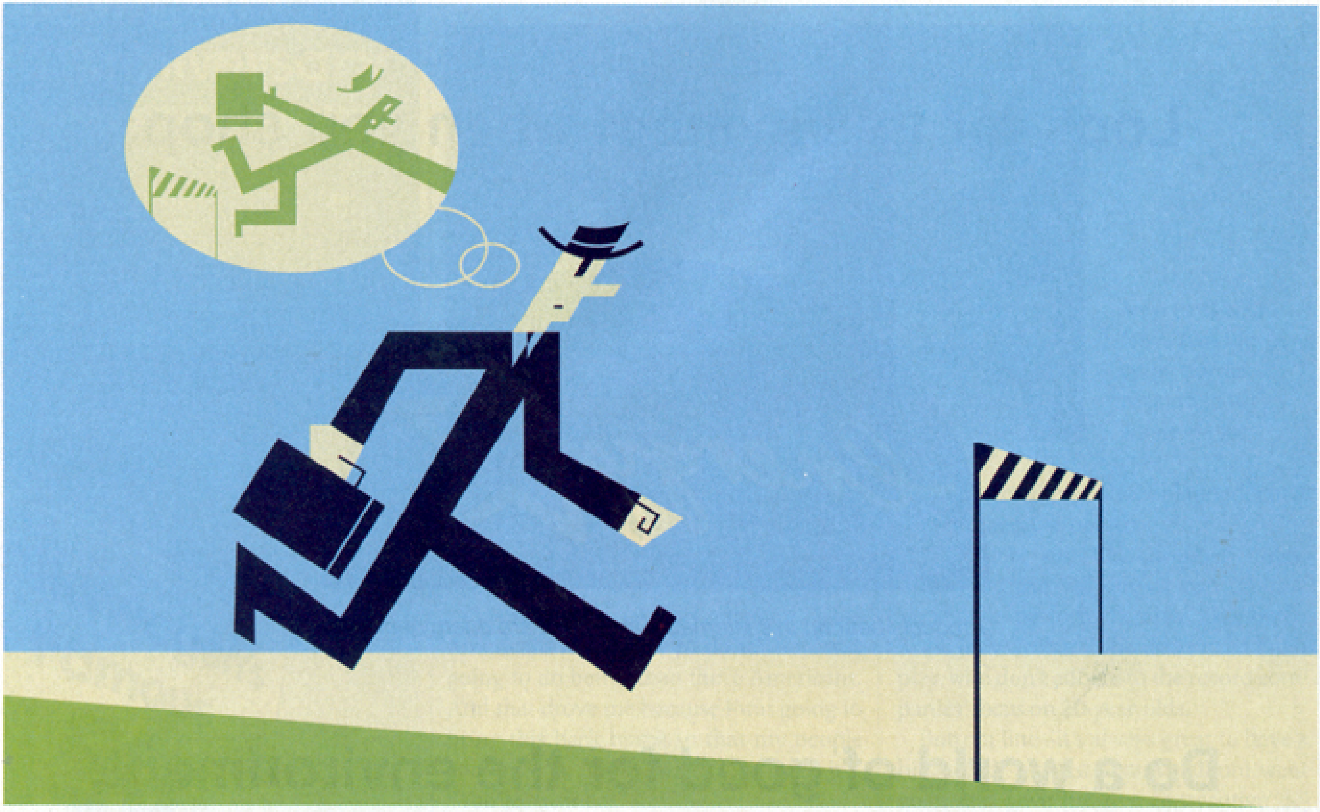


OUR DANGEROUS FEAR OF FAILURE

In a new book, ROGER MARTIN says that excessive caution is bad for business

Roger Martin, Dean of the Rotman School of Management at the University of Toronto, is one of North America's most respected business figures. An Ontario native and Harvard University graduate, he previously worked as a consultant with the Monitor Co., where his clients included some of the world's top corporations. His articles have appeared in the *Harvard Business Review* and many other international publications. In his new book, *The Responsibility Virus,* he discusses the way in which business leaders often find themselves caught in "vacillation between over- and under-responsibility"—and how both forms of behaviour affect their company's performance. In this chapter, which begins with a case study, Martin dissects the "fear of failure":

JERRY SITS ALONE in the corner office of the headquarters of Global Products Corporation mulling over the call he has just received from Chuck, an equity analyst. Jerry, who is in his fifth year as GPC's CEO, is a personable man with deep blue eyes and a wide smile. But right now his mouth is drawn down in deep concern. Chuck has been a positive voice on the street for GPC over the past decade, but his call was a heads-up that the "natives were getting restless." Chuck and his colleagues had become accustomed to GPC churning out growth on top of growth on top of growth. In recent years, however, the mighty GPC growth machine has been slowing down. Chuck's call was to say that even he was on the verge of lowering his GPC rating from a buy to a hold because of the weak prospects.

The slowing sales growth is a mystery to Jerry, given their current health and especially the profit picture. However, when Jerry thinks hard about recent initiatives across the corporation, he realizes that they seem less inspiring than the initiatives of previous decades. He recalls strategy meetings with the divisional presidents and their management teams. Their strategic plans all made sense, but there was little creative thinking. And when he offered suggestions on how to improve the plans, the suggestions were treated as attacks to be parried.

Though famously slow to anger, Jerry gets perilously close to the boiling point as he sits and thinks about this new threat—the downgrade from the analysts. He calls the division presidents together to share the analysts' concerns. He tells them that he's promised to double the rate of sales growth starting next fiscal year and that he's taking personal responsibility. The division presidents listen politely but don't say much.

After the big meeting, Bob, one of the presidents, sits down with his senior VP, Walter, and explains Jerry's new goal. Walter says that he will try his best

ILLUSTRATION BY GREG MABLY

but can't promise anything. Bob empathizes with Walter.

Once back with his own team, Walter dutifully creates a New Business Ventures group to pursue the new target. To head this NBV slot he picks one of his lieutenants, but not exactly his right-hand man. Walter knows that his real job is to run his existing business, and he plans to stick to his knitting.

"I was only a year or two away from a division president slot myself," he grouses. "But this is going to muddy the water."

Failure often begets failure. In fact, fear of failure actually helps produce the very failure that we fear. Worry too much about an exam and your mind goes blank.

No one wants to get burned, but why do we fear failure to the extent that we do? Why do Bob and Walter not even try to meet Jerry's goals, even though inaction appears to guarantee failure?

Chris Argyris, professor emeritus at Harvard Business School, has delineated what he calls the governing values behind most human interactions. These are:

- To win and not lose in any interaction;
- To always maintain control of the situation at hand;
- To avoid embarrassment of any kind;
- To stay rational throughout.

Together, the four values combine to amplify the fear of failure. If we fail, others may change their assessment and shift responsibility away from us in order to avoid a repeated failure. If someone else is given control going forward, that violates the second value—maintain control. Any failure, as it violates values one and two, can be humiliating. Thus failure violates the third value—avoiding embarrassment. And finally, failure, loss of control and embarrassment are likely to force emotions to the surface, violating the fourth value—staying rational, and keeping out potentially dangerous emotional features.

The flood of fear that we experience at the prospect of failure actually short-circuits our conscious, deliberative thought process—ironically the very rationality we seek to maintain—and drives us toward "fight or flight." Fight or flight belongs to a separate, pre-rational part of our nervous system located in the brain stem, a structure we inherited from our pre-human, and even pre-mammalian ancestors. Back this far on the evolutionary scale, the emotions are all about basic survival. That's why fear so easily flows into rage. The two share the same chemistry and the same pathways in the brain. So when fear jump-starts this system, it takes over, tensing our muscles, making our hearts pound, and flooding us with stress hormones such as adrenalin. All of this drowns out that small, rational voice located in the prefrontal cortex, that separate and more modern part that you employ when you "use your head."

Confronted by failure itself or the fearful anticipation of failure, we rush to one of two options: 1) fight, meaning that we seize total responsibility for the situation; or 2) flight, meaning that we assume almost no responsibility for it.

When I resort to the fight response, I seek to win in the face of failure or acute fear of failure by stretching my level of responsibility, but often significantly above my capabilities. My desire to maintain control causes me to assume full responsibility for the situation, to preempt anyone else from seizing control. To avoid embarrassment, I assume responsibility without discussion with others, since broaching the subject might expose my underlying belief that others are incompetent and might subject my judgment to critical testing through questioning by others that may highlight my own incompetence.

The fear of failure that helped drive each player to narrow its sights helped produce results worse than any failure they could have predicted

Martin is no fan of 'narrow perfectionism'

High intelligence, even membership in a highly rational and deliberative profession, has nothing to do with it. Studies of practices among psychologists suggest that, despite their lip service to the logic of argumentation, open dialogue and critical testing—the scientific method—scientists are just as eager to shield their theories and models from critical testing as are many highly rational and deliberative managers.

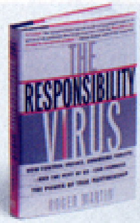
In the case of GPC, Jerry became fearful when analysts began to harangue him about the lack of growth. He worried that he would be the first "non-winning" CEO of GPC in decades if the view evolved that during his reign the company stopped growing. Jerry's primitive survival instincts took over when his fear reached a threshold level. They triggered the automatic and irrational fight-or-flight response. He declared a bold growth goal without consulting his key managers and without a plan for how to achieve it. He publicly took on full personal responsibility for achieving the goal, even though he had no ability to accomplish it himself.

But collaboration can be dangerous from the opposite perspective as well. If I work in partnership with a more dominant person, I won't be in control but I'll be implicated, which, if we lose, becomes a double whammy. To enter a meaningful collaboration, I will have to reveal the degree to which I am scared and worried, and that would be embarrassing. So collaboration is a threat I prefer to flee.

When I choose the flight response to fear, I withdraw from a responsible stance in order to set the bar low enough to ensure victory. I avoid any situation that would reveal that I am not up to the task. By withdrawing unilaterally I also avoid an embarrassing discussion about my decision to withdraw in the first place.

At GPC, Bob, Walter and their col-

COURTESY OF JOHN HRYNIUK



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leagues faced a scary bind when presented with the sales growth challenge:

On one hand, they could explicitly and publicly commit to aggressive sales-growth goals for their own businesses. However, by doing so, they would increase the chance of failing to meet the goals and would risk both personal embarrassment and the potential for disproportionate punishment.

On the other hand, they could explicitly renounce the setting of aggressive sales-growth goals for their businesses. However, by doing so, they risked being seen as unleaderly and therefore as failures.

Seeking narrow perfectionism is a recognizable variation of the flight response. It's a passive strategy that entails redefining and narrowing the challenge so as to assure a successful outcome. It consists of either:

- Acknowledging the existence of an aggressive goal, but delegating the most complex and difficult problems elsewhere—typically, but not exclusively, downward—in order to insulate one's self from the potential for failure; or
- Avoiding acknowledging the existence of an aggressive goal, and redefining victory against more doable criteria.

The narrow perfectionist chops the whole task into parts to produce a piece for which he or she can take responsibility and have reasonable certainty about succeeding. Most CEOs see and complain bitterly about the symptoms of narrow perfectionism in their organizations. They often complain of functional silos, isolationism and incremental thinking. In fact, these are all forms of narrow perfectionism in which the pressing challenges of the day are not honestly and forthrightly addressed.

The recent Enron debacle in the United States provides an excellent example of narrow perfectionism working in concert to produce an epic disaster. While CEO Kenneth Lay assured all that he was in charge and would, in effect, ensure that outside shareholders and employee-shareholders would continue to enrich themselves off Enron, numerous other folks played the narrow perfectionism game. Financiers defined victory as getting Enron its money and nothing more. Ensuring that the interests of the providers of the capital were protected, for example, was not a consideration. Auditors defined victory as ensuring that Enron complied with the letter of the law and nothing more. Lawyers defined victory as providing an opinion that it was all right to shred documents—not, for example, whether it was ethical to shred documents. The board defined victory as making sure it was protected by the opinions of auditors and lawyers and nothing more—not, for example, whether the firm was risking everything. The fear of failure that helped drive each player to narrow its sights helped produce results worse than any failure they could have predicted.

Back at GPC, a year after his growth pronouncement, Jerry sits at his desk feeling quite alone. Sales growth has slowed instead of speeding up. Analysts are writing ever more inflammatory reports referring to the "anemic" performance at GPC. The lack of progress internally has him frustrated. Everybody seems to be declaring victory on his or her small piece of turf, but it all adds up to failure for GPC. The analysts want to know how he's going to meet his five-year sales growth target given that Year One was so miserable. "Miserable?" he says to himself. "What's their problem? If you look at profits, we set a record."

"Maybe we need to try something even more radical," he mutters. "Maybe if I can't fix this, somebody else should try." M

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