

INTEGRATIVE THINKING:

A Model Takes Shape

*Ongoing efforts to engage the Rotman community in the process of building a model for integrative thinking and learning have been buoyed by the first year of the **Rotman Integrative Thinking Seminar Series**, which has featured some of today's leading integrative thinkers. Dean **Roger Martin** says these highly successful businesspeople employ a distinctive pattern of thinking, which leads him to believe that a model can be developed to teach students to think in unique and powerful ways.*

“The truth is, there’s no such thing as a ‘tax decision’ or a ‘marketing decision’ – there are only business decisions.”

— Dr. Peter F. Drucker, speaking at the *Rotman Integrative Thinking Seminar Series* on June 12, 2002

Most thoughtful observers of the world of business would agree with **Peter Drucker** that there are really no marketing decisions or tax decisions — or finance decisions, for that matter — but only business decisions: decisions that sprawl relentlessly across functional boundaries as if boundaries didn't exist.

Likewise, thoughtful observers of business education could, with a cursory look at the curricula of North America's nearly 800 business schools, ascertain that an overwhelming proportion of courses deal with marketing decisions, human resources decisions, finance decisions, etc., and not with integrative business decisions. The challenge facing business schools today is to make their curricula significantly more integrative so that graduates can become better leaders and make better business decisions.

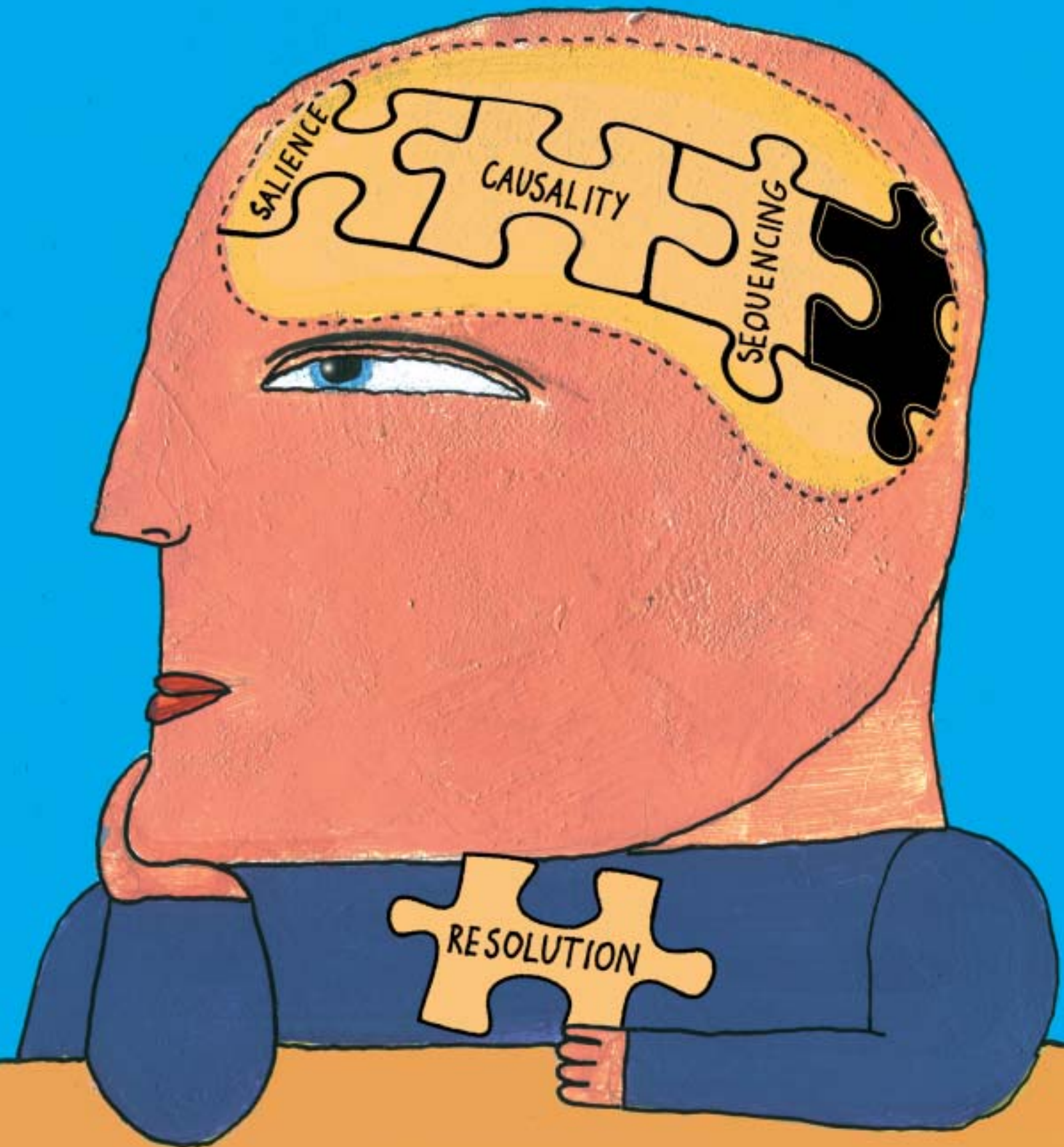
To make education more integrative, business schools face the significant challenge of creating an entirely new theory to underpin the teaching of what we at the Rotman School call Integrative Thinking. This past year, the School took a first step down the path of creating a

theory and pedagogy for integrative thinking with the launch of our *Rotman Integrative Thinking Seminar Series* in October 2001.

In its initial year, the Series featured four addresses by academics working on integrative thinking — myself, Rotman Professor of Strategic Management and Director of the CCMF Centre for Integrative Thinking **Mihnea Moldoveanu**, Management Consultant and Dean's Advisory Board Director Dr. **Hilary Austen**, and Professor **Peter Drucker** of Claremont Graduate University. These addresses set out the model to be tested and provided the context for the integrative thinking challenge.

The remaining six sessions in the Series featured businesspeople who have achieved unqualified success in their field of endeavour. This group was selected because we believe their success is rooted in the kind of thinking we are working to understand.

Our premise is that extremely successful people, as exemplified by these six (see bottom of page 8), approach their tasks with a distinctly more integrated decision-making process than their less successful peers. This pattern of thinking



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enables them to make better choices and thereby contributes to their success. We further believe that while this thinking pattern is different from less-successful businesspeople, it is largely consistent across extremely successful people. And because we believe it is a consistent pattern, we believe that it can be observed and generalized — and eventually taught to business students.

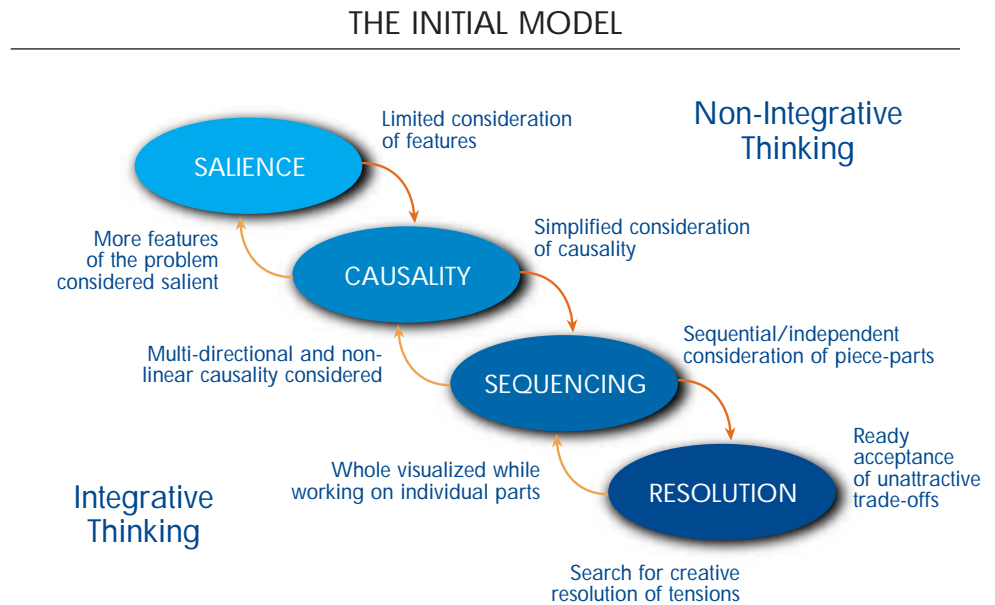
To begin exploring the veracity of our ideas, we have specified an initial model for how highly-successful people think, and then looked for evidence of this model in the thinking processes of the successful businesspeople who spoke in the *Rotman Integrative Thinking Seminar Series*.

The Initial Model

We believe that individuals go through four major steps — whether they realize it or not — as they make a choice:

SALIENCE: The decision-maker selects certain features to be salient to the decision — and therefore to be included in the deliberation — and others to not be salient, and excluded. For example, an executive may consider the likely response of government officials as salient to his closing the most important plant in a town, or he may not. The consideration of that particular feature (or not) could well have a major impact on the outcome of the decision.

CAUSALITY: The decision-maker will consider the causal relationships between the features he or she has determined are salient. For example, if they consider government reaction to be salient, they may see that the greater the number of full-time jobs lost, the greater the negativity of the government reaction.



SEQUENCING: The decision-maker creates some mechanism for working from inception of the problem through to choice. They may break the problem into steps, considering some features first and others later, or consider the problem as a whole.

RESOLUTION: The decision-maker will produce a choice of some sort as the end product of the series of steps above.

We suggest that highly-successful businesspeople — and successful people of all types, for that matter — proceed through the four steps of choice-making in a distinctive, predictable fashion, as illustrated in the chart, above.

The integrative thinker considers more features of the problem to be salient than the non-integrative thinker. For example, the integrative thinker may indeed consider the reaction of

government officials before deciding to close a plant in a one-plant town, and thereby not be surprised by an adverse reaction after a decision to close.

The integrative thinker considers multi-directional and non-linear causal relationships instead of only simple, uni-directional relationships. So rather than simply thinking, “that competitor’s price cutting is hurting our bottom line,” the integrative thinker would conclude, “our new product introduction really upset that competitor and now it is cutting prices in response, which is hurting our bottom line.”

The integrative thinker works to consider the whole problem while working on its individual parts, rather than breaking down the problem into independent pieces and working on them separately. An integrative thinker

RICHARD CURRIE

Over a 25-year period, guided a failing grocery chain, Loblaw's, from relative obscurity and a market capitalization of \$40 million to Canada's dominant grocery retailer with a reputation as one of the world's finest retail operations and a market capitalization of \$14 billion — a 22 per cent compound annual growth rate.



PIERS HANDLING

Took the reigns of a small and relatively inconsequential film festival — not even the acknowledged leader in Canada at the time — and improbably led it to international prominence, passing numerous entrenched competitors (e.g. Berlin, New York, Los Angeles, Venice) to make the Toronto International Film Festival the second-ranked film festival in the world next to Cannes.



MICHAEL LEE-CHIN

Took over a tiny mutual fund company, AIC, and grew it into a \$15-billion empire with an unparalleled track record of success and in the process became a billionaire on the basis of his ownership stake in AIC.



wants to avoid the trap of designing a product before considering the costs of manufacturing it. Rather, he or she would consider manufacturability while working on the design.

Finally, the integrative thinker will always search for creative resolution of tensions, rather than accept unpleasant trade-offs. The behaviours associated with such a search — delays, sending teams back to examine things more deeply, generating new options at the eleventh hour — are often considered by bystanders to be unrealistic and indecisive — but the results are choices that only an integrative thinker could have produced.

Findings from the Six Initial Speakers

Much of the anecdotal data gleaned from the initial six speakers in the *Rotman Integrative Thinking Seminar Series* supports our initial model. Following are some of the most striking features we noted in the integrative thinkers studied to date.

CREATIVE RESOLUTION

By far the most striking finding was the absolute refusal on the part of these individuals to accept unpleasant trade-offs, and their search for creative resolutions. This was a central feature in the choices made by all six speakers — and they wore their emotions on their sleeves with respect to this issue.

Piers Handling couldn't make himself choose between having a juried festival — which would generate great media buzz over the eventual jury prize winner, but would create an elitist atmosphere for the festival —

and having a non-juried festival, which would feel more open and democratic, but would lack the media buzz associated with a clear 'winner'. His refusal to choose, and his continued pondering of the question, resulted in the now world-famous Toronto International Film Festival Audience Award, which creates fabulous media buzz and at the same time, could not be more open and democratic.

Richard Currie, "stubborn" by his own assessment, refused to choose between low consumer prices and high margins for Loblaw's. Instead, he created President's Choice, and with its Club-Pack product line came low prices and high margins — what he calls "heaven for a retailer."

Moses Znaimer, who confesses, "I'm not an either/or type of guy," refused to choose between being a global player and offering the intimacy of a local player, so he created the "globalization" option for Citytv. The product is an intensely-local television service, but the format has been successfully exported to the four corners of the globe.

Isadore Sharpe refused to choose between having the amenities of a big hotel and the intimacy of a small motel. Instead he engineered a brand of service that provides the best of both worlds — a smaller, intimate format with all — or more — of the amenities of a big hotel.

George Stalk refused to accept that to achieve greater speed-to-market, firms had to sacrifice variety. Instead, he discovered how a firm could configure its operations to generate more speed-to-market with greater levels of variety by "competing on time."

Michael Lee-Chin described the turning point in the fate of his company as the time he had to choose between facing a mob of antagonistic media (up in arms at his company's stubborn refusal to jump on the dot-com investment bandwagon) that could destroy his company's reputation, or turn and run, diminishing his company's chances for substantial success. With everything on the line, he decided on the "punch-the-ringleader-in-the-nose" strategy, which deterred the mob and gave his firm the breathing room it needed to soldier on in its chosen, if unpopular, direction.

SOPHISTICATED CAUSAL REASONING

The second most striking feature of these six individuals was the highly-sophisticated causal reasoning that lay beneath their decision making. The speakers were simply asked to talk about their business and its success. Despite the vagueness of the request — and, in several cases, in the absence of a single scrap of paper in front of them at the podium — we received sophisticated reasoning about the complicated causal links among the salient features that drove their businesses.

Michael Lee-Chin took us through a remarkable string of logic that originated with a three-pronged approach to finding a success model (identify a role model; ask the role model what to do; do what they say), to identifying three key needs of all customers (preserve capital; grow capital; and minimize taxes) to a three-pronged philosophy (buy; hold; and prosper), to the difference between businessmen and investors, to the proper role of diversification, to the nature of competitive advantage.

ISADORE SHARPE

Built the world's finest chain of luxury hotels and resorts from scratch against numerous global, well-financed and entrenched competitors. Now the most

powerful brand in the luxury hotel market, Four Seasons continues to widen its global leadership position against all competition.



GEORGE STALK

In the extremely competitive and fickle profession of strategy consulting, he is consistently ranked in the Top 25 consultants in the world by the industry bible, *Consulting Magazine*. A leader with Boston Consulting Group, he is considered by many to be the foremost contributor to the intellectual development of the field of strategy consulting



MOSES ZNAIMER

The creator of wildly-successful Citytv is considered one of the most brilliant innovators in the world of television broadcasting. A leading exporter of television concepts worldwide, he continues to keep the pipeline of international opportunities full with continuous innovation in his own market.



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His was truly a tour de force of end-to-end causal reasoning.

Richard Currie provided his analysis of renting versus owning; percentage mark-up versus “pennies profit”; spreading fixed costs versus reducing variable costs; and every pony doing one trick versus the proliferation of formats championed by Loblaws. Each piece of causal reasoning linked to the next, creating the nest of choices that made Loblaws so successful.

George Stalk demonstrated with formidable causal reasoning that counter to every preconception, as you reduce time-to-market, you can actually increase product variety, quality, prices and market share, while reducing risk.

CONSIDERATION OF THE WHOLE

Not surprisingly — given the complexity of their causal reasoning — the six speakers demonstrated an expansive ability to consider the whole, and to avoid breaking up the problem at hand into disconnected pieces to be handled separately. It did not seem to matter to them that the task of ‘keeping all the balls in the air simultaneously’ was intimidating in its degree of difficulty — that was simply the way it needed to be done.

For **Isadore Sharpe**, every piece of the puzzle had to fit with the other pieces to create the right feel of a Four Seasons Hotel. From location, to building, to the selection and training of employees, to employee rotation, to adherence to the company’s ‘Golden Rule’ (“Treat others as you would want to be treated yourself”). Nothing was considered in isolation of the rest of the picture. Everything that Four Seasons does fits into its overall vision and strategy.

For **Piers Handling**, one of the prerequisites to success was getting rid of the departmental silos within the Film Festival that blocked its ability to achieve a distinctive and compelling feel. With silos out of the way, he could work to create an overall feel for the Festival that was inclusive and populist, but at the same time, commercially attractive and interesting. Thanks to the resultant media buzz, it became more commercially attractive for the industry and more exciting for the stars, and the upward spiral took hold.

For **Richard Currie** the playing field was not restricted to groceries — though that was ostensibly his business. Rather, the picture

was broadened to include all the things that could be delivered through the store — including financial services, photo-finishing, pharmaceutical amenities, dry cleaning and more. But even further, his picture included all the stores in the city as a whole, and what configuration of store formats, sizes and locations optimized a given city for Loblaws.

BROADENING

SALIENT FEATURES

For each of our featured integrative thinkers, the ability to come up with a creative resolution was linked inexorably to their consideration of features *not considered* by their peers and competitors. Inclusion of these added features opened up possibilities for them that would not have been relevant or obvious had they restricted their thinking to a smaller set of features.

For **Moses Znaimer**, “the space between the programs” became salient as he sought to define Citytv’s feel and create a personal bond with his audience — not through the programming offered, which his competitors focused on — but rather through what the viewer sees and hears between the programs. His insertion of snippets of action from around the streets of Toronto and voiceovers describing upcoming programs helped make a reality of the tag line, “Citytv: Everywhere!”

For **Michael Lee-Chin**, the feeling of crisis and despair was salient, for “in the presence of crisis and despair lie great opportunities,” which he attempted to seize while others might have felt helpless. While competitors were analysing financials, he was, in addition, analysing mood.

For **Piers Handling**, the feeling of inclusiveness was salient to the design of a successful film festival. Sure, content was important — the schedule, the attendance of stars, distribu-



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tors and filmmakers — but the emotional state of the audience was also salient to Handling as he made his choices, including the central choice of creating the Audience Award.

WHERE DOWE GO FROM HERE?

The first year of the *Rotman Integrative Thinking Seminar Series* leads us to conclude that highly successful businesspeople employ a distinctive pattern of thinking, and that there is a consistency to their thinking approach. It also leads us to believe that our initial model of integrative thinking can be used as a solid starting point to describe the way these successful businesspeople think.

While initial results are encouraging, our work is only beginning. As we push onward in testing and refining our model, we will be asking some tough questions: Is our model missing important features? Are there better ways of describing the four steps in the initial model? Are there different patterns for different successful businesspeople? Does the model apply equally to highly successful people in non-business fields? And how can pieces of the model be tested in academically-rigorous ways?

Going forward, we plan to broaden the sample of successful people studied by including highly successful non-businesspeople in the *Rotman Integrative Thinking Seminar Series*, which resumes in September. In addition, we plan to engage in further investigation with successful entrepreneurs across a number of fields.

While we are still early on the path toward ‘cracking the code’ of integrative thinking, we feel reassured by our progress to date, and are hopeful that we will one day be able to teach students to think in a way that increases their chances for groundbreaking success. **RM**