

# THRIVE

IN TURBULENCE

A MARBLE ARCH WHITE PAPER

# TURBULENCE IS HERE TO STAY.

*But at Marble Arch, we don't see this as a negative.*

We believe turbulence creates new opportunity. Like muscles that atrophy without exercise, we have seen firsthand how businesses and all of the processes, frameworks, and even people within them can also atrophy without the right amount of volatility.

*Black Swan* author Nassim Nicholas Taleb has written about this phenomenon in his new book, *Antifragile*. This book honors systems and individuals that find growth and additional strength within volatility. Nearly every individual and system will wither under the threat of constant stress, but certain systems and individuals will thrive with a moderate level of new challenge, new turbulence, and environmental change.

Behind us is an era that valued certainties. These certainties included trust in our financial system, belief in the everlasting market dominance of the United States, and the knowledge that economies of scale and cheaper products meant decades of reliable profits. Now we face rapidly rising amounts of change that will continue to increase due to three major forces:

## 1. Increased Global Dependency

Globalization allows for greater efficiencies and innovation. It also increases the uncertainty of supply and demand due to regional events including weather or war.

The United States imports energy, food, and clothing from around the globe on a daily basis. Our support desks are in India and the components for our tens of millions of smartphones are mined and assembled in China. Turbulence and fragility increase along with increased global dependency.

## 2. Rapidly Expanding Technology Capability

Every year, technology continues to increase in efficiency and sophistication. The cloud—or cloud computing—is opening up entirely new opportunities for teams to virtually connect across the globe or from home.

Data mining and algorithms are allowing organizations to predict buyer behaviors with never-before-seen accuracy.

Technology allows for new competitive advantages while at the same time changes consumer expectations of customer service and interaction.

Organizations that can leverage technology to meet these new expectations are finding themselves rewarded with loyalty and social sharing. Those that don't are finding that once sticky relationships are now at higher levels of risk.

## 3. Stepping Into The Social Era

Modern society has reached unprecedented levels of abundance and opportunity. Children whose parents gave their lives for retirement and retirees whose savings were irreparably damaged by the recent financial crisis are awakening collectively to the notion that *there is more to life than a paycheck*. The collaborative sharing of meaning, purpose, and mastery have been proven to be more motivating than money. This not only transforms individuals, but it transforms the strategy and culture of organizations.

The Social Era, as coined by author Nilofer Merchant, is classified by a marked increase in the

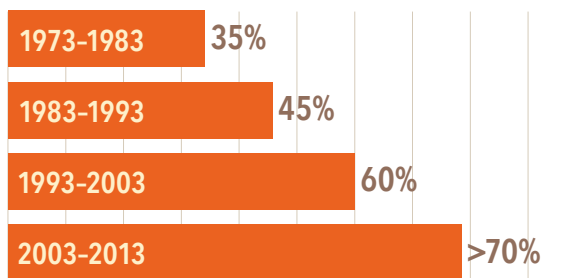
desire for connection, community, and purpose in the workplace and society.

*The fragility of companies whose sole purpose is shareholder value is exposed again & again as corners are cut and problems are hidden in order to meet goals.*

This narrow and “win at all costs” view of success is neither sustainable nor desirable to much of today’s collaborative top talent. Succeeding in the Social Era requires a new set of leadership tools to capture employee motivation, effort, and vast amounts of information. Organizations that do this successfully are rewarded with increased employee engagement, retention, and productivity.

A 2011 Forbes article made a shocking prediction, “If the current trend continues, over 70 percent of Fortune 1000 companies will turnover from 2003 to 2013. In other words, over 3/4ths of the existing captains of industry will fall from their thrones.” If this prediction turns into reality, the rate of turnover for the Fortune 1000 will have doubled in only 30 years.<sup>1</sup>

### Turnover of Industry-Leading Businesses



Based on turnover within the top 20% of the Fortune 1000.

*Businesses that seek constant feedback, and then iterate based upon it, will find themselves more deeply connected to their customers and their employees.*

Sociologist and innovation leader Brian Solis notes in his influential blog that this prediction highlights both a threat to business as usual as well as an abundance of new opportunities.<sup>2</sup> Businesses that seek constant feedback, and then iterate based upon it, will find themselves more deeply connected to their customers and their employees.

As we work with established and startup clients to take their business to the next level of performance, our clients often realize that the processes and tools they had relied on for past growth are proving inadequate for future success. The leaders we partner with are often frustrated and experiencing lower financial performance, waning employee connection and a workforce that has shifted from executing strategy to fighting fires. Through collaboration, we help teams reach their full potential and take advantage of the opportunities that today’s turbulent environment provides.

There are specific skills and strategies today’s businesses need to adopt for long-term, sustainable success and we are excited to share some of our favorites with you in this white paper. We have written this paper to help you understand: **What are the attributes of an organization that thrives in turbulent times?**

Below we describe the four core attributes of organizations that transform uncertainty into opportunity as well as the story of one remarkable organization currently thriving in turbulence by embodying these four core attributes.

## THE FOUR ATTRIBUTES of Organizations That Thrive in Turbulence

### 1. DEEP UNDERSTANDING OF ORGANIZATIONAL PURPOSE

This may at first seem contrary to our recommendation of continued adaptation. However, a deep understanding of purpose creates connection and meaning during times of crisis, change, and turbulence. An in-depth study performed by The Work Foundation, a United Kingdom-based research team, entitled “Cracking the Performance Code” found that a major distinction between high performing UK firms and those lagging behind was a clear, shared purpose. “At the heart of the [Company Performance Index] is the notion of the sustainable high-success company that understands its ‘reason to be’ and then pursues it wholeheartedly, supported by a set of values that are mutually reinforcing.”<sup>3</sup>

Without a purpose, an organization will spend its entire existence reacting to change and turbulence with fear and confusion. Times of change create heightened stress among teams and individuals. A team that lacks a deep understanding of organizational purpose has little to hold onto during turbulent times. A team that recognizes that its organization stands for delivering a high quality, premium priced product to a delighted client knows exactly how to apply this purpose to a new need created by a changing marketplace.

Stress decreases with a shared vision, a plan, and continued connection. Likewise, profitability increases as a result of proactively meeting new needs instead of reacting to outdated strategies.

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### 2. A PERSISTENT HUNGER FOR FEEDBACK AND INFORMATION

Turbulence changes the business landscape. Notice that we didn’t say “turbulence diminishes the landscape.” It *changes* the landscape. When the marketplace, financial environment, or client need has changed, new opportunities arise for those curious enough to understand how the landscape has changed.

Psychologist Carol Dweck has spent her career studying the role of mindset in success. She has determined two types of mindsets: a “growth mindset” and a “fixed mindset.” Dweck’s research of both adults and children reveals again and again that a growth mindset is a foundation for lifetime success. Below is an excerpt from a 2011 interview of Dweck:

*The hallmark of successful people is that they are always stretching themselves to learn new things. When there’s a setback, someone with a fixed mindset will start thinking, “Maybe I don’t have what it takes?” They may get defensive and give up. A hallmark of a successful person is that they persist in the face of obstacle and often these obstacles are blessings in disguise.<sup>4</sup>*

You can foster your growth mindset by increasing the number of questions you ask. We often work with leaders who, when charged with this simple task, are astounded by the information and powerful ideas coming from their employees.

One leader recently told us that it was like laying down a burden to not feel the need to have all the answers all the time. He recognized a lack of effectiveness in a department and he approached the problem with increased curiosity. He used questions to deeply understand the situation rather than directing changes. The result of this gathering of information was a boon of new ideas about how to greatly improve

effectiveness coming from within the department itself. These were changes the entire department could rally around, and now every member was empowered to put them into action.

When—not if—you find yourself amid turbulence, recognize when you are lamenting a past reality versus seeking the opportunity within the new reality. You have no control over financial markets or the evolution of client needs. You have complete control over how you investigate these changes and support your team to find the new opportunities within them.

### 3. COMFORT WITH AUTONOMY

Who knows first when a client needs change? Who knows best how to optimize a cumbersome workflow? It is most often the teams of employees who are being managed. Note that we said “being managed” and not “managers,” and specifically not “the CEO.”

You may have already created a hiring system that prioritizes past performance over experience and competencies over titles. If this is the case, you have already invested in wonderfully robust employees who are being paid for their client observations, new ideas, and desire for continuous improvement. These are employees you hired for their results and not for their process obedience.

Let’s define “autonomy” as the ability to determine how results are achieved within a shared values-based framework. We know that greater autonomy leads to greater job satisfaction. In our gut, each of us would rather be allowed to make decisions about how work gets done than have a manager breathing over our shoulder. But does this translate to higher performance? The answer is yes.

In Daniel Pink’s groundbreaking motivational work *Drive*, he lists greater autonomy as one of the most motivating practices an organization can leverage. Pink references a 2004 Cornell Univer-

sity study of “320 small businesses, half of which granted workers autonomy, the other half relying on top-down direction. The businesses that offered autonomy grew at four times the rate of the control-oriented firms and had one-third the turnover.”<sup>5</sup>

There is a catch, however. Many leaders we meet are justifiably nervous about granting their employees autonomy. Why are they justified? Because there is no clear, shared framework within which decisions should be made, the expected results are unclear, and no one has tested the judgment ability of the employees.

Leaders should prepare to engage robust talent by creating a strong framework within which employees can make decisions. Organizational values are communicated clearly and consistently. Certain sacrosanct methods of obtaining results are trained and agreed upon by leadership and employees. An employee’s expected results and goals are outlined explicitly. And finally, before increasing autonomy, a leader ensures that an employee is ready for autonomy by taking the time to practice hypothetical scenarios. These case-study discussions result in greater confidence, increased trust, and even new ideas on improving current standards and systems.

Employees with greater autonomy have the flexibility to identify new opportunities on behalf of their organizations. When every step on the path toward a result is written in stone, your talent has no leeway to improve the process, meet a client’s new need, or actually *innovate*. In order to meet the challenges that turbulence creates, your organization must continue to innovate and discover new opportunities, otherwise it will face demise.

*Autonomy not only allows employees to innovate and identify opportunities for you, it motivates them to do these things.*

## 4. THE COURAGE TO ACT UPON FEEDBACK

Our brains are wired to seek comfort. We find comfort in the status quo, especially when we have worked for years to build a company that runs smoothly while hitting profitability targets.

Know that in the midst of this normalcy, turbulence will hit. It may be a small, unexpected market change or it may be a Black Swan. Black Swans are rare events beyond the realm of normal risk calculation that change our society, economy, and history going forward. How leaders react to this turbulence is what will separate the organizations that endure and the organizations that will disintegrate while clinging to pre-turbulence status quo.

Both low levels of turbulence and Black Swans offer opportunity. A changing marketplace means changing client needs and new opportunities to innovate and differentiate. Below is a case study of a remarkable architecture and engineering firm that illustrates how to take advantage of changing markets.

This is the more difficult path, and the one that actually leads to sustainable success. Our acceptance of a comfortable present state can lead to a false sense of security. With this feeling of security, we are more likely to stop seeking the employee and market feedback critical to sustainable success. Are revenues stagnant? Are new employees leaving more quickly? These are two symptoms that a business has plateaued and is not prepared to adapt to the changing needs of clients and employees.

As a leader, it is paramount that you lead your organization by asking the tough questions. The future success of your company requires that you make a habit of challenging your own status quo, then putting into action strategies for continuous improvement. Companies that are unprepared to adapt and are very comfortable in their current state face decline with turbulence. Instead, choose to create an adaptable, questioning culture and thrive in turbulence.

*Acting upon feedback means calibrating, growing, and either subtly or drastically changing direction.*

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### THE STORY OF EMILY

Mark Bello of ATI Architects and Engineers in Danville, California, spent years helping school districts design new buildings and classrooms to fit their specific needs. He would then submit the design for review and approval by the Division of the State Architect. This bureaucratic process of review and approval was so labyrinthine, so inscrutable, and so expensive that school districts increasingly turned to purchasing pre-approved, and

now ubiquitous, portable buildings to meet schedule and budget constraints.

Mark also had years of experience in using portable classrooms in school design solutions, and deep down he knew that this was not the long-term answer for effective education or budgeting.

A client of ATI, Mount Diablo Unified School District, needed to

replace hundreds of aging portable classrooms at all of their schools and decided to hold a design competition. Which firm could most effectively design a permanent building resulting in a standardized set of drawings that could also be adapted for individual school needs? In essence, the school district wanted both the efficiency of standardization with the effectiveness of customization. The client was giving designers feedback that this was to be the next



wave of school projects; generic portables were starting to outlast their appeal.

Mark and ATI founder Paul DiDonato began looking at the competition from all perspectives. How could they leverage their experience with school districts, portable design, and even previous work with homebuilders to create something entirely new? The solution was Emily. As Mark describes, “We were so fired up for this competition, all of a sudden we realized we could take advantage of the design review bureaucracy instead of seeing it as a liability.”

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A small team was gathered to consider designing permanent school buildings that would be standardized and pre-approved by the State of California with enough flexibility to customize them project by project. Use the knowledge of the system to circumvent the system. The solution was a standardized one-story building of one to six classrooms, pre-approved and ready to be customized and built for any California school. The winning line of customized permanent classrooms was marketed and given the identity of “Emily.”

The next challenge was trying to communicate this new prototype design to the market. Phil Cairnes,

ATI’s marketing mastermind, insisted that this new concept needed more of an identity than “prototype design,” something more fun than PC#01-1108292. Phil developed the concept of Emily. Marketing was built around the concept of Emily as a school-age character and as a product.

Mark’s team embodied each of the aforementioned attributes of thriving in turbulence. They thoroughly understood their purpose and past experience, actively seeking to leverage that experience in new and innovative ways. The team listened closely to feedback from

clients and the larger industry in order to fill a need that the clients didn’t yet know they had. The team tasked with Emily was given clear direction with great autonomy to create a standardized product that is also extremely customizable. And finally, Mark and Paul had the courage to champion Emily even when they received pushback internally and externally.

We asked Mark, “When looking at Emily’s success for ATI, has she resulted in increased revenue, clients, or a more innovative culture?”

“Yes,” Mark replied. He then laughed and continued on. “She

has made money, won new clients, launched us into new kinds of work, opened doors, and resulted in state recognition. She forced us to think about what is really important within design.”

ATI’s culture of innovation and finding the opportunity within turbulence has only become more effective since the introduction of Emily. As budgets were cut and schools began having less money to spend on new classrooms, they started looking for other ways to save money. In recent years, solar companies had contemplated how to enter the school market and schools were considering solar as an opportunity to save on immense energy bills.

ATI found a way to bring the two together. By recognizing a new opportunity in challenging times, ATI invested designers’ time to answer the question “How can we apply the concept of installing solar collectors atop covered parking structures to schools?” Their investment in innovation paid off and ATI completed over 70 solar installations.

ATI’s innovative culture began with founders who left the nuclear industry to start the architecture and engineering firm. The initial spirit of investing time and effort in new opportunities has embedded itself within the organization. Mark perfectly described how his team will continue to thrive in the turbulence of the 21st century: “We’ve never seen a problem that we shied away from. We’ll take on any challenge.”

## A FINAL NOTE

The 21st century presents countless new unknowns, but this fact needn't diminish your success. On the contrary, new opportunities await the leaders who are prepared to act with agility and to adapt.

The new complexities resulting from globalization, advancements in technology, and the Social Era will challenge us all. It would be easy to find a comfortable place where revenues are stable and employees seem happy. This is the exact moment where mediocrity and fragility begin to threaten the long-term success of your business. Organizations and leaders that resist a comfortable plateau and choose to stay adaptable will thrive in the wake of new challenges and unexpected volatility, just as ATI continues to do.

**This century demands that we move past simply having the right answers, to asking the right questions. BUSINESSES CAN REMAIN AGILE BY:**

1. *Cultivating a deep understanding of purpose in our organizations*
2. *Staying hungry for feedback and information*
3. *Empowering autonomy*
4. *Having the courage to act upon feedback*

Early this year, we began working with a 35-year-old company to reinvigorate performance and adapt its strategy and culture to a new marketplace. What was the first order of business? Uncovering the unspoken purpose driving the company's most passionate employees.

Taking this first step was merely the beginning of our work with this company, and already the executive team has reported previously unseen productivity and passion evident in the office. Newer hires are ramping up to full performance and productivity faster than ever before and it's becoming clear who in the company is holding back agility and performance.

Next, we will work with this company to connect its strategy to individuals, taking it from an ambiguous, executive-level statement to a level where every individual knows how they are contributing to success. We will collaborate to develop a people strategy that no longer accepts mediocrity, but cultivates learning, agility, and long-term success.

**The Marble Arch suite of services can be customized to your needs:**

- **CONSULTING**
- **LEADERSHIP DEVELOPMENT**
- **WORKSHOPS FOR FOCUSED TEAM DEVELOPMENT**
- **ONLINE COURSES**

Marble Arch helps in times of turbulence. We offer a

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to any organization interested in driving profitability higher by increasing efficiency and effectiveness as well as improving employee connection to the business.

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# TURBULENCE IS HERE TO STAY.

*And Marble Arch is your guide to the opportunities in turbulence.*

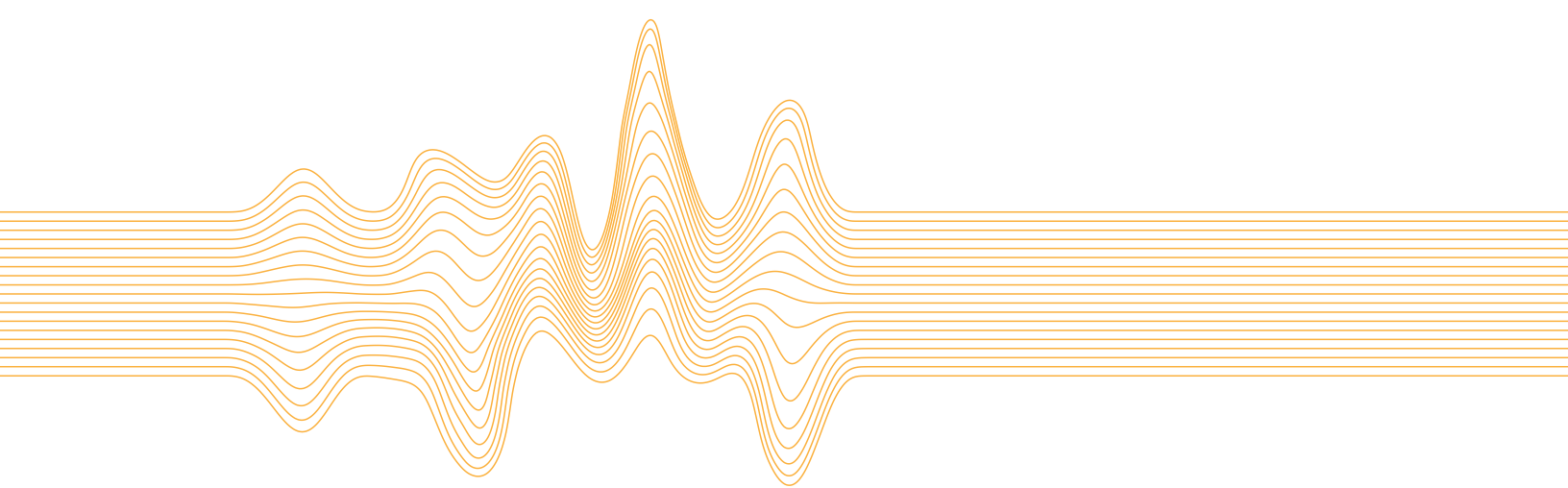
*Marble Arch Consultants, Inc. is led by Jessica Weatherford and Neal Bottom, a Performance Acceleration Consultancy in the San Francisco Bay Area.*

*Contact us to discuss your performance objectives, and find out how Marble Arch can help take your business to the next level.*

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