

NWDC INNOVATION KICK-OFF REMARKS (AS PREPARED)

13 MARCH 2012 (15 MIN + Q&A)

- “INNOVATION”
- “ADAPTATION”
- “TRANSFORMATION”
- “CAPABILITIES-BASED”
- “NET-CENTRIC”
- “CROSS-DOMAIN SYNERGY”

- EVERYONE HERE TODAY HAS HEARD THESE WORDS BEFORE; THEY’VE GONE IN AND OUT OF VOGUE OVER THE YEARS.

- AND OVER THOSE YEARS, VAST AMOUNTS OF RESOURCES HAVE BEEN SPENT IN THE PURSUIT OF “ACHIEVING” EACH ONE

- AT THE SAME TIME, THOUSANDS OF MAN HOURS HAVE ALSO BEEN SPENT FIGURING OUT HOW TO PACKAGE WHAT AN ORGANIZATION IS ALREADY DOING TO DEMONSTRATE IT SUPPORTS ONE OF THOSE CONCEPTS

- MOST OF WHAT I HAVE SEEN REGARDING INNOVATION IN OUR NAVY HAS BEEN ACTIVITY DRIVEN, NOT PURPOSE DRIVEN
 - MORE FOCUSED ON GETTING A PROGRAM THROUGH ANOTHER STEP IN THE PROCESS THAN SOLVING REAL PROBLEMS

- THE REASON I WANTED TO HAVE THIS CONFERENCE AND THE REASON I INVITED PEOPLE WHOM I GREATLY RESPECT – PROFESSOR DONALD CHISHOLM AND DR WICK MURRAY – TO SPEAK HERE TODAY
 - BECAUSE WE HAVE BEEN KIDDING OURSELVES
 - E.G. TRIDENT WARRIOR
 - YEARLY “BLACK BOX” EXERCISE
 - NO OVERARCHING STRATEGY OR PURPOSE DRIVING THE EVENT
 - 95% TECHNOLOGY FOCUSED
 - THE FOCUS IS, WE EXECUTE TRIDENT WARRIOR EACH YEAR, WHAT DO WE DO FOR THE NEXT ONE? NOT, WHAT FLEET PROBLEMS ARE WE TRYING TO SOLVE, AND HOW DO WE BEST EXPERIMENT TO SOLVE THOSE PROBLEMS?
- AND THAT IS ONE OF THE BIGGEST CHALLENGES WE FACE WHEN TRYING TO ACTUALLY INNOVATE – OUR ORGANIZATIONS AND THE PROCESSES WE USE ARE PURPOSELY DESIGNED TO MAINTAIN COURSE AND SPEED, NOT TO SIGNIFICANTLY CHANGE.
- IN HIS BOOK “THE COGNITIVE CHALLENGE OF WAR,” PETER PARET WROTE, “TO RECOGNIZE INNOVATION, WHETHER IN MILITARY INSTITUTIONS AND HOW THEY FUNCTION, OR IN THEIR LEADERS AND HOW THEY THINK, IS ITSELF A CHANGE. EVEN THEN SOCIETY AND SOLDIERS WILL NOT FIND IT EASY TO UNDERSTAND THE NEW. CULTURAL PRECONCEPTIONS AND INSTITUTIONAL AND INDIVIDUAL SELF-INTEREST MAY BLOCK UNDERSTANDING. FURTHER COGNITIVE BARRIERS ADD TO THE DIFFICULTIES.

- TODAY, EACH OF YOU ARE HERE TO LEARN AND DISCUSS VARIOUS TOPICS RELATED TO “INNOVATION” IN ORDER TO RE-INVIGORATE INNOVATION IN THE MARITIME DOMAIN – THIS INITIATIVE IS CRITICALLY IMPORTANT FOR OUR NAVY

- HISTORY TENDS TO REPEAT ITSELF AND AS VICTOR DAVIS HANSON WROTE IN HIS BOOK, FATHER OF US ALL, “AS A RULE, MILITARY LEADERS USUALLY BEGIN WARS CONFIDENT IN THEIR EXISTING WEAPONS AND TECHNOLOGY. BUT IF THEY ARE TO FINISH THEM SUCCESSFULLY, IT IS OFTEN ONLY BY RADICALLY CHANGING DESIGNS OR FINDING ENTIRELY NEW ONES.”

- OUR CHOICE IS SIMPLE, WE CAN EITHER INNOVATE TODAY AND SOLVE THE CHALLENGES WE ANTICIPATE IN OUR FUTURE, OR BE FORCED TO RAPIDLY ADAPT IN THE MIDDLE OF A CONFLICT.

- WE WILL ALWAYS HAVE TO ADAPT DURING A CONFLICT, BUT WE CAN GET THE BIG THINGS RIGHT BEFOREHAND.

- AND WE HAVE PLENTY OF EXAMPLES FROM OUR OWN HISTORY

- I HAVE OFTEN SPOKEN HIGHLY OF THE EXTRAORDINARY INNOVATION THAT OCCURRED DURING THE INTER-WAR PERIOD BETWEEN WWI AND WWII AND WHAT IT MEANT FOR OUR NAVY AND OUR NATION
 - DEVELOPING
 - AIRCRAFT CARRIER & COORDINATED AIR WING STRIKE OPS
 - AMPHIBIOUS OPERATIONS
 - FLEET MOBILE LOGISTICS TRAIN

- FOR US IN 2012, NO LESS THAN OUR FOREBEARS IN 1920-1940, INNOVATION IS ABSOLUTELY ESSENTIAL TO OUR FUTURE SUCCESS
- BUT WE DID NOT DEVELOP CENTIMETER WAVE AIRBORNE RADAR (THE CAVITY MAGNETRON) TO HUNT GERMAN U-BOATS THROUGH HOLDING CONFERENCES
- THOSE WHO WENT BEFORE US IN THE 20s AND 30s GOT IT RIGHT
- THEY DEVELOPED SUCH SUCCESSFUL INNOVATIONS BECAUSE THEY HAD FIRST PROPERLY DEFINED THEIR STRATEGIC CHALLENGES
 - FOR EXAMPLE, THEY KNEW THAT A CONFLICT WITH JAPAN WOULD RESULT IN THE LIKELIHOOD OF A PROTRACTED CONFLICT WHICH WOULD REQUIRE ISLAND HOPPING ACROSS THE VAST REACHES OF THE PACIFIC
- THEY THEN DEFINED THE OPERATIONAL REQUIREMENTS TO EXECUTE THAT STRATEGY
 - WORKING WITH THE MARINE CORPS, OUR NAVY DEVELOPED THE CONCEPTS, SHIPS, AND EQUIPMENT NECESSARY TO CARRY OUT AMPHIBIOUS ASSAULTS
 - THEY DIDN'T TRY TO ADAPT REALITY (OR PHYSICS) TO THEIR VISION, BUT ADAPTED THEIR VISION TO REALITY.

- THIS EXTRAORDINARY PERIOD OF INTER-WAR INNOVATION WAS MADE POSSIBLE BY A VERY STRONG CONNECTION BETWEEN THE NAVAL WAR COLLEGE, THE OFFICE OF THE CHIEF OF NAVAL OPERATIONS (OPNAV), THE FLEET, AND THE BUREAUS – ALL GUIDED BY THE NAVY’S GENERAL BOARD.

- INTER-WAR INNOVATION WAS ACCOMPLISHED THROUGH:
 - ESTABLISHING A VIRTUOUS CYCLE OF NAVAL WAR COLLEGE WAR-GAMING TO DEVELOP A CONCEPTUAL SOLUTION TO A THEN-CURRENT FLEET PROBLEM

 - PERFORMING A FLEET BATTLE EXPERIMENT (FLEET PROBLEM) TO TEST THE WAR-GAMED CONCEPT

 - AND INCORPORATING THE LESSONS LEARNED INTO THE EVOLUTIONARY DESIGN OF THE NEXT GENERATION SYSTEMS, SHIPS, AIRCRAFT, AND OPERATIONAL DOCTRINE.

- THEREFORE, TO RE-INVIGORATE AND INCREASE INNOVATION IN OUR MARITIME DOMAIN
 - WE MUST FIRST DEFINE OUR STRATEGIC CHALLENGES – WE NEED TO GET THE BIG THINGS RIGHT.

 - WE CAN THEN IDENTIFY THE OPERATIONAL REQUIREMENTS TO OVERCOME THOSE CHALLENGES.

 - WE MUST EMPOWER THE RIGHT ORGANIZATIONS TO HYPOTHESIZE, DEVELOP, EXPERIMENT, AND LEARN TO EVOLVE OUR TACTICS, PLATFORMS, AND SYSTEMS TO SUCCEED AGAINST THOSE STRATEGIC CHALLENGES.

- AND WE, LEADERS AT EVERY LEVEL, NEED TO READ, THINK, DEBATE, AS WE HAVE NEVER DONE BEFORE. THIS IS NOT WORK FOR INDUSTRY OR CONTRACTORS, THIS IS OUR WORK AND IT IS THE MOST IMPORTANT WORK WE WILL DO.

- I MENTIONED ORGANIZATIONS...

PART OF OUR CHALLENGE IS THAT THE ORGANIZATIONS IN WHICH WE ALL FUNCTION EXIST LARGELY TO SOLVE A MORE OR LESS BOUNDED SET OF PROBLEMS (I AM USING PROFESSOR CHISHOLM'S WORDS HERE FROM HIS EXCELLENT PAPER, THE DUALITY OF LARGE SCALE FORMAL ORGANIZATIONS: IMPLICATIONS FOR ORGANIZATIONAL CHANGE) WITH GIVEN TYPES AND AMOUNTS OF RESOURCES IN A GIVEN ENVIRONMENT.

THE LARGE SCALE FORMAL ORGANIZATION IS A PROBLEM-SOLVING ENTITY THAT EXISTS AS AN OPEN SYSTEM IN EXCHANGE WITH ITS ENVIRONMENT.

THE MOST EFFECTIVE LARGE SCALE FORMAL ORGANIZATIONS ARE ABLE TO RENDER A VERY HIGH PROPORTION OF THE PROBLEMS THEY ARE ASKED TO SOLVE INTO WELL-STRUCTURED PROBLEMS, ALTHOUGH EVERY ORGANIZATION WILL FACE SOME NUMBER OF ILL-STRUCTURED PROBLEMS, WHICH ARE USUALLY TREATED AS EXCEPTIONS OR ANOMALIES.

THE LARGE SCALE FORMAL ORGANIZATION GAINS ITS POWER BY TRANSLATING KNOWLEDGE OF CAUSE AND EFFECT (THAT IS, IT ADDRESSES PROBLEMS THAT CAN BE MADE MORE OR LESS WELL-STRUCTURED) INTO STRUCTURES, RULES, AND ROUTINES THAT ARE READILY EXECUTED WHEN THE APPROPRIATE CIRCUMSTANCE PRESENTS ITSELF.

IN SO DOING, THEY USUALLY SEEK TO REMOVE MOST INDIVIDUAL DISCRETION FROM THE SYSTEM (WHICH IN THE CONTEXT OF EFFECTIVE SOLUTIONS TO A FINITE SET OF WELL STRUCTURED PROBLEMS WOULD CONSTITUTE ERROR), OR AT LEAST TO BOUND THAT DISCRETION WITHIN TOLERABLE LIMITS. PERSONNEL ARE CONDITIONED TO FOLLOW THE ESTABLISHED PROCESSES AND TO CONFORM TO THE ORGANIZATION'S FORMAL RULES BY BOTH POSITIVE REWARDS AND COERCIVE MEANS.

THE CONTINUING WAGER IS THAT MOST FUTURE PROBLEMS WILL LOOK LIKE MOST PAST AND PRESENT PROBLEMS SO THAT THE EFFICIENCIES GAINED BY REPETITION AND STABILITY AND CONTINUITY OF ORGANIZATION CAN BE EXPLOITED.

IF THE SET OF PROBLEMS AND THEIR STRUCTURES REMAINS MORE OR LESS CONSTANT, THE ORGANIZATION WILL (ESPECIALLY IF IT LIVES IN A HIGHLY COMPETITIVE ENVIRONMENT) SEEK TO INNOVATE; THAT IS, TO IMPROVE ITS STRUCTURES RULES, AND ROUTINES IN ORDER TO SOLVE THOSE PROBLEMS (1) MORE EFFECTIVELY; THAT IS, MORE COMPLETELY AND SPEEDILY SOLVE THE PROBLEM; AND (2) MORE EFFICIENTLY; THAT IS, WITH FEWER SCARCE RESOURCES ACHIEVE THE SAME RESULTS.

IN THE EVENT, THIS USUALLY TRANSLATES INTO (1) REFINING STRUCTURES, RULES, AND ROUTINES WITHOUT GREATLY ALTERING EXISTING PARAMETERS, (2) INTRODUCING NEW TECHNOLOGIES; AND/OR (3) IMPROVING THE CAPABILITIES OF ORGANIZATIONAL MEMBERS THROUGH RECRUITMENT, EDUCATION, AND TRAINING.

HOWEVER, ORGANIZATIONAL ENVIRONMENTS RARELY REMAIN STATIC; RATHER, THEY CHANGE IN RELEVANT WAYS AT GREATER OR LESSER VELOCITIES, WHICH, OVER TIME CAUSE THE ORGANIZATION TO BE PRESENTED WITH AN INCREASING PROPORTION OF PROBLEMS THAT ARE ILL-STRUCTURED AND FOR WHICH EXISTING STRUCTURES, RULES AND ROUTINES ARE NOT EFFECTIVE SOLUTIONS, AND WHICH CONTINUED IMPLEMENTATION MAY WELL CAUSE THE ORGANIZATION TO FAIL.

FROM THE STANDPOINT OF THE ORGANIZATION AS A COGNITIVE STRUCTURE, THE PRACTICAL CHALLENGE IS TO (1) SENSE ENVIRONMENTAL CHANGES, (2) BE ABLE DIFFERENTIATE MERE NUISANCES FROM OCCASIONAL ANOMALIES FROM SIGNIFICANT SECULAR TRENDS, AND (3) GENERATE ENOUGH KNOWLEDGE OF THOSE CHANGES TO MAKE THEM WELL-STRUCTURED ENOUGH TO SUBSEQUENTLY DEVISE NEW, APPROPRIATE AND EFFECTIVE STRUCTURES, RULES, AND ROUTINES IN A TIMELY MANNER (THAT IS, TO CHANGE THE ORGANIZATION BEFORE IT FAILS).

IN MANY, IF NOT MOST CASES, LARGE SCALE FORMAL ORGANIZATIONS WILL GENERATE SOLUTIONS WHILE THEY ARE STRUCTURING NEW PROBLEMS. MOREOVER, THE STRUCTURES OF THOSE PROBLEMS MAY CHANGE PROFOUNDLY WHILE THE LARGE FORMAL ORGANIZATION IS ATTEMPTING THE STRUCTURE AND SOLVE THEM.

IF THE ORGANIZATION IS UNABLE TO SENSE THE CHANGES,
UNDERSTAND THEIR IMPORT, STRUCTURE THEM, AND WHEN
APPROPRIATE DEVISE EFFECTIVE NEW RESPONSES, IT WILL BEGIN TO
COMMIT ERROR. FAILURE FOLLOWS FROM THE MULTIPLICATIVE AND
COMPOUND EFFECTS OF INTOLERABLE RATES OF ERROR.

IN PRACTICE, ORGANIZATIONAL INNOVATION AND ADAPTATION
INVOLVE MOST OF THE SAME COGNITIVE CHALLENGES AND ARE
BEHAVIORS LIKELY TO BE ENGAGED IN AT THE SAME TIME WITHOUT
DIFFERENTIATING BETWEEN THEM.

BOTH EFFECTIVE INNOVATION (IN THEORY, A PROACTIVE EFFORT) AND ADAPTATION (IN THEORY, A REACTIVE EFFORT) ARE LARGELY INEFFICIENT ENTERPRISES THAT REQUIRE SIGNIFICANT APPLICATION OF SCARCE ORGANIZATIONAL RESOURCES IN THE FACE OF SUBSTANTIAL UNCERTAINTY (BECAUSE OF THE INHERENT NATURE OF ILL STRUCTURED PROBLEMS) AND, OFTEN TIMES, PROFOUND RISK, BECAUSE THEY ULTIMATELY REQUIRE SIGNIFICANT CHANGE IN THE WAY THE ORGANIZATION CONDUCTS ITS BUSINESS.

BECAUSE THEY REQUIRE RESEARCH (SENSING AND STRUCTURING NEW PROBLEMS) AND CREATIVITY (GENERATING NOVEL SOLUTIONS), NEITHER OF WHICH CAN BE COMMANDED, LEGISLATED, OR DIRECTED, EFFORTS TO INNOVATE AND ADAPT ARE RARELY SUCCESSFUL IN THE CONTEXT OF THE HIERARCHY OF THE LARGE SCALE FORMAL ORGANIZATION WHICH REWARDS CONFORMITY TO STRUCTURES, RULES, AND ROUTINES, AND GENERALLY PUNISHES DEPARTURES FROM THE SAME.

IT REMAINS PROFOUNDLY DIFFICULT FOR LARGE-SCALE FORMAL ORGANIZATIONS, WHICH ARE BASED UPON AND PRIZE STABILITY, CONTINUITY, AND PREDICTABILITY, TO ESTABLISH AND MAINTAIN WITHIN THEMSELVES THE ORGANIZATIONAL CONDITIONS REQUIRED FOR RESEARCH AND CREATIVITY.

SUCH EFFORTS THRIVE IN THE RELATIVE UNSTRUCTURED SETTING OF THE FLAT, DECENTRALIZED ORGANIZATION, WHICH ITSELF CONTRAVENES THE VERY PRINCIPLES AND FOUNDATIONS OF THE LARGE SCALE FORMAL ORGANIZATION.

THIS MEANS PRACTICALLY, THAT INNOVATION AND ADAPTATION INEVITABLY THREATEN AND DISRUPT THE PREVAILING DOMINANT COALITION, WHICH, NOT SURPRISINGLY, TENDS TO MUSTER ALL WEAPONS AT ITS DISPOSAL TO MAINTAIN THE EXISTING EQUILIBRIUM, EVEN IF KEEPING THAT BALANCE CAUSES THE ORGANIZATION TO BECOME LESS EFFECTIVE, COMMIT ERROR, AND POSSIBLY FAIL.

EFFECTIVE INNOVATION AND ADAPTATION ARE MOST LIKELY IN ORGANIZATIONS THAT:

(1) HAVE ENOUGH SCARCE RESOURCES, OR SLACK, TO INVEST IN ACTIVITIES THAT ARE NOT IMMEDIATELY PRODUCTIVE IN SOLVING THE SET OF PROBLEMS THAT LIE BEFORE THE ORGANIZATION AT ANY GIVEN POINT IN TIME;

(2) HAVE ENOUGH SCARCE RESOURCES TO IMPLEMENT MORE THAN ONE LINE OF PROBLEM SOLVING SIMULTANEOUSLY;

(3) ARE ABLE TO ESTABLISH AND MAINTAIN (PROTECT) SOME SEGMENTS OR COMPONENTS THAT OPERATE IN A FLAT, DECENTRALIZED MANNER CONDUCTIVE TO CREATIVE ACTIVITY;

(4) HAVE DISTRIBUTIONS OF POWER SUCH THAT NEW CLAIMS ON RESOURCES CANNOT BE SUPPRESSED FOR SO LONG AS TO LEAD THE ORGANIZATION INTO FREQUENCIES AND MAGNITUDES OF ERROR FROM WHICH IT CANNOT RECOVER;

(5) HAVE LEADERSHIP THAT RECOGNIZES IMPORTANT INNOVATION AND ADAPTATION CAN COME FROM ANY SEGMENT OF THE ORGANIZATION (ALTHOUGH NOT WITHOUT THE COLOR OF SELF-INTEREST) AND THEREFORE NURTURES INFORMAL MECHANISMS FOR THE GENERATION AND COMMUNICATION OF SUCH.

KEEPING IN MIND WHAT PROFESSOR CHISHOLM HAS TOLD US IN HIS PAPER, LET'S TURN TO A VERY INTERESTING ARTICLE I READ IN THE JAN-FEB 2012 EDITION OF THE HARVARD BUSINESS REVIEW. THE NAME OF THE ARTICLE IS "HOW THE GROWTH OUTLIERS DO IT"

THE AUTHOR STUDIED PUBLICALLY-TRADED COMPANIES WITH A MARKET CAPITALIZATION OF AT LEAST \$1B, AND GREW NET INCOME BY 5% EACH YEAR FOR 10 YEARS, 2000-2010. 10 OF 2,347 QUALIFYING COMPANIES ACHIEVED THAT GOAL.

THE AUTHOR THEN STUDIED THOSE 10 COMPANIES – VERY SIMILAR TO THE LARGE SCALE FORMAL ORGANIZATIONS AS DESCRIBED BY PROFESSOR CHISHOLM – AND FOUND THEY HAVE SOME VERY INTERESTING TRAITS IN COMMON.

1) THE OUTLIERS MAKE SMALL BETS EARLY AND DIVERSIFY THEIR PORTFOLIOS. THE GROWTH OUTLIERS RAPIDLY ADJUST AND READJUST RESOURCES AND ARE COMFORTABLE MOVING EXECUTIVES AND OTHER EMPLOYEES FROM ONE ROLE TO ANOTHER. UNLIKE THEIR COMPETITORS, OUTLIERS APPEAR TO MAKE FEWER BIG, HIGH-RISK BETS.

2) THE OUTLIERS MANAGE MAJOR RESOURCE ALLOCATIONS CENTRALLY. AT MANY COMPANIES, RESOURCES ARE HELD HOSTAGE AT THE DIVISIONAL OR BUSINESS-UNIT LEVEL. WHEN ONE DIVISION IS UNDER THREAT, OR AN OPPORTUNITY FALLS BETWEEN UNITS, THE COMPANY CAN'T RESPOND EFFECTIVELY BECAUSE INCUMBENT EXECUTIVES RESIST. BUT AT OUTLIERS, DECISION MAKING WITH RESPECT TO MAJOR STRATEGIC CHALLENGES APPEARS TO BE CENTRALLY COORDINATED.

3) THEY HAVE PROCESSES THAT SUPPORT SPEED AND FLEXIBILITY.

OUTLIERS FAVOR ADAPTABILITY OVER PURE EFFICIENCY, EVEN
THOUGH IT OCCASIONALLY LEADS TO LESS-THAN-PERFECT OUTCOMES.

4) THEY BUILD INNOVATION INTO EVERYDAY OPERATIONS.

INNOVATION AT THE OUTLIERS TENDS TO BE BETTER INTEGRATED. IT'S
MENTIONED PROMINENTLY IN RECRUITMENT MATERIALS, MARKETING
MESSAGES, AND EMPLOYEE COMMUNICATIONS. IT'S ALSO BUILT INTO
THE COMPANY'S RESOURCE ALLOCATION AND PROMOTION
PROCESSES. FOR EXAMPLE, EVERY YEAR AT INFOSYS, THE SENIOR
EXECUTIVE TEAM ASKS EACH UNIT TO NAME TWO BIG THINGS IT IS
GOING TO DO THAT WILL DRAMATICALLY MOVE THE BUSINESS
FORWARD IN REAL TIME – AND TO GO PUBLIC WITH THOSE
INTENTIONS.

5) THEY FOCUS MANAGEMENT ATTENTION ON CULTURE AND SHARED VALUES. THE AUTHOR FOUND THAT THE OUTLIERS ON THEIR LIST PAY CLOSE ATTENTION TO VALUES, CULTURE, AND ALIGNMENT. WHAT DOES THAT MEAN IN PRACTICE? THEY SAW SIGNIFICANT INVESTMENTS IN CREATING AN APPROPRIATE CORPORATE CULTURE, IN EMPLOYEE TRAINING, AND IN EXECUTIVE DEVELOPMENT AMONG THESE COMPANIES. FOR EXAMPLE, A RECENT MBA THESIS EXAMINING THE CULTURE OF HDFC BANK FOUND THAT, IN EMPLOYEE SURVEYS, THE BANK SCORED HIGH ON ORGANIZATIONAL EFFECTIVENESS, EMPLOYEE ENGAGEMENT, AND A SUPPORTIVE ENVIRONMENT.

6) THEY DON'T CHANGE HIGH-LEVEL STRATEGIES QUICKLY. FOR EXAMPLE, FACTSET'S STRATEGY STATEMENT HAS NOT CHANGED AT ALL SINCE THE COMPANY'S FOUNDING IN 1978, DESPITE RADICAL SHIFTS IN UNDERLYING TECHNOLOGIES AND AN EXPLOSION OF INFORMATION RELEVANT TO KEY CLIENTS.

7) THEY KEEP THEIR SENIOR LEADERSHIP STABLE. AT ALL TEN COMPANIES, THE TOP EXECUTIVE HAD BEEN PROMOTED INTERNALLY; THERE WERE NO WHITE KNIGHTS OR OUTSIDE-THE-INDUSTRY SAVIORS. INTERESTINGLY, THESE CHIEF EXECUTIVES GENERALLY KEPT A LOW PROFILE. THEY WERE RESPECTED, KNOWN TO HAVE MADE MAJOR CONTRIBUTIONS, AND SOMEWHAT VISIBLE IN THE PRESS, BUT NOT CHARISMATIC (OR NARCISSISTIC).

THE AUTHOR'S CONCLUSION IS THAT THIS SEEMING PARADOX IS A FEATURE, NOT A BUG: STABILITY IS WHAT ENABLES THESE COMPANIES TO INNOVATE AND TO MAINTAIN STEADY GROWTH. COUPLED WITH TRANSPARENT VALUES, IT ALLOWS EMPLOYEES TO FEEL CONFIDENT ABOUT TAKING THE RISKS THAT EXPERIMENTATION REQUIRES. STRONG VALUES HELP MAINTAIN ETHICAL STANDARDS.

CONTINUAL SMALL CHANGES KEEP AN ORGANIZATION FROM BECOMING STALE. MANAGEMENT CONTINUITY PERMITS THE BUILDING OF INFORMAL INTERNAL NETWORKS, WHICH ARE KNOWN TO BE A FACTOR IN SUCCESSFUL INNOVATION. THE RESULT IS A HIGH PERFORMING ORGANIZATION THAT DELIVERS CONSISTENT RESULTS OVER A REASONABLY LONG PERIOD IN THE FACE OF ENVIRONMENTAL VOLATILITY.