

OPINION

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Your success can lead to failure

Don't blame the recession if your company is on the ropes, writes **Stephen Manallack**.

IT WOULD be natural for any business failure to be blamed on the global financial crisis, but would it be true? While the global financial crisis is hurting, in many cases the seeds of business failure have already been planted, with the crisis just providing the conditions for their germination.

Business failure is nothing new — in the 1980s we were impressed by the companies listed in *In Search of Excellence*, yet by the 1990s many of them were gone. How many companies make the Fortune 500 and vanish within a decade? Average corporate life expectancy in Europe and Japan is a frighteningly short 12.5 years.

The seeds of success can also include the seeds of failure, and danger lurks in many seemingly harmless parts of your organisation.

I have experienced this danger in three ways — denial, arrogance and territoriality.

Most business leaders exist in a kind of cocoon, surrounded by myths and a denial of what is true. Denial among those at the top, and around the top, is endemic. This can put the business at risk, because the leadership simply cannot see new realities.

I've listened to leadership groups claiming "we are different" when they clearly are not. I've heard them ridicule competitors and claim nothing good can come out of them — wrong on both counts.

To break out of the "cocoon of denial", businesses need an honest audit of leadership, internal communications, human resources policies, training programs and decision-making structures. Honesty and scrutiny are the greatest antidotes to denial.

Arrogance is encouraged in leadership — don't strong leaders and highly successful organisations need to be arrogant? But many of us use "arrogant" when we really mean

"confident". Yes, it is a great thing to lead with confidence and inspire it in others. Arrogance is a bad habit. It is an overblown view of self, an image of superiority capable of denying all evidence to the contrary. Good leaders look for evidence, not overblown bags of wind.

How does arrogance hurt? The biggest cost is that arrogant people and arrogant companies simply stop listening. Customers do not necessarily expect perfection, but they do want to be listened to, and will go elsewhere when ignored.

Here we come up against a paradox — that success breeds failure. Success is fertile ground for complacency and arrogance, both making it difficult for the company to adapt and change.

Territoriality is strong in the animal kingdom, and we in business make a pretty good art form of it as well. Instead of your team aligning itself to the company and its goals, the team, in fact, has an affinity to itself, to its own functional discipline. Consider how often this happens in post-merger

environments. Leaders simply have to watch for this and communicate through it — the barrier of territoriality can be broken down by good internal communication and effective training.

If you are a business leader, a core part of your role is constantly to monitor the health of your

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organisation, to ensure it moves from survival to long-term success. To be on the lookout for failure, you will need a new set of eyes.

In the case of the global financial crisis, that means being able to ensure that your attitude and responses to the crisis do not ensure your business doom.

Sadly, businesses and individuals will be hurt by the crisis. As Greek philosopher Epictetus reminded us: "It's not what happens to you, but

how you react to it that matters." Just as success contains the seeds of failure, so business failure sometimes points the way to success.

The problem here is that few senior executives and directors have the ability to see a way forward and to compare organisational perceptions with real world views. Their biggest mistake is the blindness of self-belief, yet another dangerous byproduct of success.

Right now, facing the toughest economic conditions many of us have seen, only clear vision will allow your business to adapt, re-invent, respond and find a way through — denial, arrogance and territoriality will bring you down.

Good business guidance can be found in the words of Mahatma Gandhi: "Be the change you want to see in the world."

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