

## DIRECTORS SHOULD CREATE A DISRUPTIVE CULTURE

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Research tells us that in the average person's stream of consciousness, most of us devote about 12% of our daily thoughts to the future. That number seems suspiciously low, but even at 12%, that means, during an average eight-hour workday, a typical person spends an hour thinking about things that have yet to happen. The past helps us predict the future—but not very accurately. Why, then, do our beliefs, thoughts, and emotions insist on projecting us into an unknown and perhaps precarious future?

### **Collective outcomes determine the culture directors create**

Flip a three-sided coin. Some directors will land on the side of the risk reluctant; others will find themselves risk tolerant; but some will land on another side—living among the risk enthusiasts. In all three cases, the person's mindset determines the outcome. And those collective outcomes determine the culture directors create or at least influence in the organizations they serve.

Directors don't necessarily understand their own mindset, and they have even worse luck understanding the mindsets of others. When faced with a make-or-break decision,

directors demonstrate the kind of mindset they possess. The way people handle risk and crisis often telegraphs what is happening between their two ears.

Risk-reluctant directors dread failure. They see it as a testament to their inabilities, questionable intelligence, and dubious integrity. Those who can engage in risky business, however, don't mind or fear failure as much because they realize they learn from it.

Our instincts and risk-aversion conspire to make us perceive the world as a scary place—a place where we probably shouldn't even do business. The problem? We don't know what we don't know, and unconscious, predictable biases, and fear inform our guesses and our behavior—putting up roadblocks for innovation and change.

### **Our thought processes tell one story, but the facts tell another**

Our thought processes tell one story, but the facts tell another. As it turns out, the world, for all its imperfections, is in better shape than we might think, even in our COVID-confused

climate. We have real problems, but when we spend our energies worrying about the future or feeling guilty about the past, we lose focus and exhaust our abilities to solve problems, make high-caliber decisions, and take the necessary risks to grow and change.

## When intellect and emotions wage war, resilience and motivation suffer the consequences

When intellect and emotions wage war, resilience and motivation suffer the consequences—the victims of a situation they didn't want in the first place. When this happens, we start to alter our beliefs, often developing a victim mentality, one characterized by pessimism and despair. How can a director tolerate ambiguity with such a mindset?

Revolutionary ideas constantly besiege directors, and individuals can have a major impact on history but *only if they are willing to take a chance on their ideas*. It won't happen automatically. Five psychological forces influence high-stakes decision making: beliefs, cognition, emotions, motivation, and resilience. When we embody all five, we develop a Disruptive Mindset™. We don't ignore, diminish, or deny fear; we accept it. We trust our abilities to sail in uncharted seas.

As systemic, discerning thinkers, we commit ourselves to continuous learning

and consistently remain open to new ideas without being naïve—all the while avoiding the trap of hubris. But we also need to understand how we feel, how human emotions function, and the psychology behind risk-taking. Then, with optimism and a commitment to excellence, we can steadfastly move ideas to action.

A Disruptive Mindset™—one that shapes resilience—recognizes that challenges aren't permanent, talented directors can figure things out, and even failure isn't fatal. This mindset allows us to learn from past mistakes so we can move past them and thrive. Taxi drivers didn't create Uber; horse breeders didn't start the Ford Motor Company; AT&T didn't invent the iPhone; Macy's didn't found Amazon. Directors with a Disruptive Mindset™ did.

## Challenges aren't permanent, talented directors can figure things out, and even failure isn't fatal

What happens when new and fast-improving innovations create opportunities to unleash trapped sources of revenue—some of them long trapped by company, market, and industry inefficiencies? This is the question Disruptive Directors seek to answer.

*Trapped value* describes the potential revenue that has become imprisoned in the organizations because of its existing business models, capabilities, and culture. In an individual organization, trapped value exists when directors can see an economic opportunity, but they feel helpless to act upon it because of their concrete thinking

and an over-reliance on outdated processes and procedures. A shake up needs to happen to unleash the company's potential, but traditional business models and rigidity interfere with growth and improvement.

In any industry, trapped value occurs when companies fail to come together to grow the market, seed new innovations, or accelerate infrastructure improvements. For example, retailers once realized they could un-trap value in the industry by joining with other retailers to form shopping malls, and in the 1980s, shopping malls sprang up like mushrooms throughout the United States. That worked well for a few decades.

Now, many shopping malls have closed or turned into ghost towns as online shopping and distribution channels have changed and improved. When the pandemic hit, and retailers and shoppers self-isolated, shopping online became the "go to" method of acquiring products. Many people even chose to have their groceries delivered, a service only the elderly and home-bound had previously used.

**A corporate culture that doesn't encourage innovation and technological advancements doesn't hold out much hope for keeping up with the competition**

The pace of change that technology makes possible and the speed with which that change can happen have begun to diverge. As the gap between *potential* and *actual* value creation widens, more of the good that new technologies can do becomes hidden. This creates a *trapped value gap*. A corporate culture that doesn't encourage

innovation and technological advancements doesn't hold out much hope for keeping up with the competition.

Growth, change, and disruption exist for their own reasons. Most of us have presumed, assumed, subsumed, and sometimes submerged the links between the volatility they experience and improvement. That doesn't have to happen. By examining existing research and aggregating new information, we can understand how to overcome what author James O'Toole aptly characterized as "the ideology of comfort and the tyranny of custom" and create cultures that encourage prudent risks and innovation.

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**Helping Define Your Company's Future Success**

We can help you formulate a strategy that works:

- Defines the choices a company is making about who is and who is not a customer
- Doesn't serve as a rationalization for budgets.
- Challenges assumptions
- Seeks to reduce risk, not avoid it
- Serves as a framework in which adjustments are expected and can be accommodated

We advise on any unaddressed issues to help the board and the company move forward. If you have any questions about The Board Mindset, visit [www.theboardmindset.com](http://www.theboardmindset.com) or [contact us](#).