FRAGILITY, RESILIENCE[1], AND STUBBORNNESS STORIES[2]

How to Use These Stories

Leadership begins when people exhibit virtues with excellence. Virtues are standards of moral behavior, such as courage, integrity, kindness, and humility. This document focuses on the virtue of resilience. When we lead with exceptional resilience, we feel deeper satisfaction over what we accomplish, we help and benefit others, and we improve the world around us.

Like all virtues, too much or too little of a virtue is a vice. Thus, when leaders are not resilient enough, people may feel their leaders are weak and become unproductive in their work. When leaders are too resilient, people may lose trust in their leaders and stop innovating.

Leading with exceptional resilience is often difficult. It is difficult to find the optimal expression of resilience between fragility and sluggishness. It is difficult because a resilient action in one situation is not a resilient action in another situation. It is difficult because the people who care about a situation often disagree about the best way to exhibit resilience, and in many of these cases each person—including you—will be partially right and partially wrong, and we need to learn from each other and work through conflict to sort this out. Even when you figure out how to exhibit exceptional resilience, it is also important to communicate what you are doing to others so that they will understand what you are doing.

This document contains stories of people being resilient and of failing to be resilient. (The titles next to people's names are their titles at the time the story occurred and may not be their title currently.) Discussing diverse situations in which people failed or succeeded to live up to their values often helps people to recognize and act on other opportunities when they arise. By discussing these stories in meetings, on teams, over internet or intranet forums, or in classrooms, groups can come up with ideas for leading with exceptional resilience, learn each other's perspectives, work through disagreements, and generate ideas. For example, you might read and discuss one story at the beginning of a weekly meeting, post a story on a team forum and ask people to share their thoughts, begin a work shift by discussing a story, use a story in a town hall meeting, or use the stories as fodder for discussion in classroom settings. The following questions may be helpful in discussing the stories. Choose whichever questions are most helpful for your group.

[1] In addition to being used to foster discussions about the virtue of resilience, these stories may also be used for discussions about determination, perseverance, or persistence.

[2] The stories in this document were written or told by the protagonists. Ryan Quinn edited them and added the reflection questions. The stories are to be used as the basis for class discussion, and not to illustrate effective or ineffective handling of a particular situation. Some protagonists agreed to use their real name, others asked for us to use a pseudonym. The goals of this document include becoming aware of issues, identifying the benefits and drawbacks of taking different approaches, assessing their impact on outcome(s), and learning ways of addressing situations you may encounter in the future.

1. What, if anything, did people do in this story that was resilient?
2. How could the people in this story have been more resilient? How could they have been exceptionally resilient?
3. How might some experiences from your own life be similar to this story?
4. What inspires or elevates you about this story?
5. What disappoints or angers you about this story?
6. What might you have done in this story to overcome your disappointment or anger and help the person who disappointed or angered you to do better?
7. What caused the people in this story to behave the way they did?
8. Who in this discussion disagrees with you? What could you do to understand this person's point of view?
9. How might your perspective on this story be wrong?
10. What ideas can you take from this story and discussion to apply in your own life?

Story #1: Barbara Ximinez Bruidegom, Founder Director

I was running a consultancy when the economy in Spain went into a national building recession, and before the economy could recover, the global financial crisis of 2008 arrived. In 2009, as things started to look up, I pivoted my business from purely providing consultancy services to become a software implementer. Things started going better, and I thought the piece of software with which we were working was ingenious. I still do. It helps companies to focus on continuous improvement and quality management. There was a lot of interest for the product.

Things started to go relatively well, and I hired a larger team, but in 2011 another economic recession hit, and I lost a lot of money. I personalized that failure. I told myself that the problem was my lack of understanding on how to do business development. I told myself that was because I was not generating leads and staying on top of sale prices that things were not working. I kept throwing more money and more resources at it.

Actually, the problem had nothing to do with me. What was wrong was that the economy was in yet another enormous recession and companies were downsizing everywhere. Nobody was investing in the future, which was what our software was about. Companies were just doing damage control. There was nothing I could have done to get companies to focus on the future. Our software would have helped them, but it would have taken twelve months to do so. Companies were not focused on long-term time horizons; they were focused on survival.

I should have just cut my losses a lot sooner. I could have looked around and seen that the problems were not just problems for my company, they were problems for everyone. There is no shame in failing. It is okay to cut your losses, to not let it go on for too long.

Story #2: Parry Merkley, Creative Director

The first account I worked on in a Madison Avenue advertising agency was even more successful than I could have imagined. As a result, I quickly became a golden boy in the industry. Because of my success, they offered me more and more accounts to work on. I was not prepared for that. When I looked around me, it seemed like all of the successful creative directors were on drugs, divorced, or just married to their work and never went home. I did not want that. I was already feeling unbalanced and guilty all of the time. Unable to see any good examples, I finally (and naively) thought that I needed to get my own agency.

As I was coming to this conclusion, I was working on two accounts. One account was Nationwide Insurance. Nationwide was based in Ohio, their representative only wanted to do two television commercials a year, and he wanted to do them in Los Angeles. They wanted what they were paying for, and no more. My other primary client was American Express, and they wanted 150% of my time. As a result, Nationwide was not getting the attention that it deserved.

Our inability to give Nationwide the attention they deserved gave me an idea. American Express was an approximately \$200M account, but Nationwide was an approximately \$15-20M account—on a good year. This made me think that there could be a business model for an advertising agency that was first class, but oriented toward clients that wanted to be a bigger fish in a smaller pond.

I took that idea to the executives of a major holding company. They liked the idea. They already had big agencies that were good at large, retail brands, but they were not well suited for financial services and smaller brands. However, the headhunter who introduced me to the holding company argued that it was very unlikely that I would be able to set up in a brand-new agency. Instead, she pointed out that there was a "sleepy-but-profitable" 80-year-old financiallyfocused agency in their group of agencies that could use a facelift and some new energy. That agency mostly did "tombstone" ads (public announcements that give details about public offerings). However, it also had a few mainstream advertising accounts. They encouraged me to be open-minded and go to this agency and see what I could make of it. I took the job, and my colleagues in the industry thought I had committed career suicide and dropped off the face of the earth.

Somehow, shortly after taking the job, I got invited to make a pitch for ESPN2. When we finished our pitch, the chairman took us into his office and said, "You guys did a great job, but I cannot tell my peers that I hired a tiny financial institution that no one has heard of to manage advertising for ESPN2, especially when you are pitching against all of the sexy agencies in town. Your work was clearly great, but I don't know if it would be a long-term relationship."

Based on this response, I went back to the executives at the holding company and told them that I could not go into every new business meeting explaining why an 80-year-old financial services company was going to be the hottest shop in town; It would not make sense. I then told them that I wanted to start an agency with the idea that I brought to them in the first place. I told them we could just start a new agency with the three or four non-financial accounts we already had and stay true to my original vision.

We did it. In addition to the original premise, we decided to make it the agency of the future, by focusing on the digital age. We actually became a model for all of the digital shops, and we took everybody into the digital age. To do this, we needed to organize differently. We needed one person to run production, one to run media, one to run creative, one to run accounts services, and one to manage clients. We made it clear that a good idea can come from any of these areas, not just from the creative guys. This organizing principle was ahead of its time. To do it, I had to fire everybody with the accounts we were spinning off, and then I hired back about four of them. That cost some feelings, but the premise upon which we were building the agency was solid.

We did not know that the internet was going to come on the scene and dominate everything, but this set-up was perfect for entering the internet age. We were prepared to do anything, not just television and print. We could do PR stunts or grassroots movements. We became business partners by insisting that we only work with people in companies who have creative vision and power to make decisions. This got us involved early, so we could work on entire branding strategies, instead of just a jingle or an advertisement.

We had decided when we started the agency to protect ourselves in this volatile industry by not depending on any one account for more than 25% of our billings. However, right off the bat we won a big part of the IBM account; $100 million in billings. While that was tremendous good fortune it presented some interesting problems. We were not set up to absorb an account of that size so soon. We had to immediately hire dozens of people and manage an account that represented about 75% of the agency revenues.

At the same time, global holding companies were on a buying frenzy snatching up independent agencies and consolidating accounts worldwide. All the other IBM agencies were part of another holding company’s portfolio. We were the only exception and part of a competitor’s roster of agencies. Consequently, in spite of doing ground-breaking and innovative work for IBM, our fresh relationship was terminated due to competitive contractual complications.

So here we were, exactly in the situation we had tried to prevent - losing a large account and the majority of our billings - leaving us with about 80 people without an account to work on. We worried that we would have to let go of all the people we had so recently hired. Instead, to our surprise, the executives of our parent company told us to “hold steady” and that they would give us six months to see what we could do. That was an unbelievable and unusual vote of confidence.

We got busy searching for a new piece of business and before the six months were over, we won the Bell South account. Bell South was equal in size to the IBM business we had just lost and had a compatible culture with ours. We already had the right people in place so we were able to get off to a fast start and recovered quickly. That was one of the sweetest points in my entire career. Losing something, not panicking, believing in yourself and holding onto it and then just letting things take their course and having the confidence that things will work out. It was just great. A typical holding company would have made us panic and fire all these people. That would have made it hard for us to win the Bell South account, because we would have had to hire everyone back.

Story #3: Tim Flanigan, Senior Vice President and Deputy General Counsel

The Blackberry phone was the most popular smart phone before the iPhone was introduced. It had a mini-keyboard instead of the touch screens, which are common today. After the iPhone was introduced to widespread positive reception, the co-CEOs often said that the touch screen is a fad and that it would pass. However, these CEOs hired or promoted executives who challenged this assumption. They wanted to design a Blackberry with a touch screen that was as good as the iPhone. They believed that people would flock to buy touchscreen Blackberries because Blackberry technology had better security than the iPhone at that time. In fact, there were a number of high-profile legal cases in which movie stars had their naked selfies stolen from their iPhones and posted on the internet because the iPhone security was poor.

The executives decided to bet the company on the Blackberry 10, which was a touch screen device. They even developed a version that had a touch screen and a keyboard for existing Blackberry users, so that they could have the best of both worlds. However, the Blackberry 10 failed. They thought that the iPhone succeeded because of its hardware, and failed to appreciate that Apple was also succeeding because of the ecosystem of apps they had created, and not just because of their hardware. Blackberry could make a dandy device, but that device did not have an Amazon app or a Netflix app or an Angry Birds game or whatever the popular app was at the moment. The Blackberry 10 flopped, and the future of the company was in serious jeopardy.

That was about the moment that I was hired to help pick up the pieces. One of the things we did was ask ourselves what we do better than anyone else in the world. It was obviously not making devices. The obvious answer was that we do security best. Mobile devices operate within an enterprise system setting and are managed by a software umbrella that you put over your cooperate network. That software either protects you against intrusions, stolen data, and attempts to hack your network or it does not. When it came to security, Blackberry software was best in class. Therefore, we made a pivot to what do we do really well: security software.

By the time I left Blackberry, we accomplished that pivot. Blackberry is now on a path to being a much, much smaller company, but at least it is a financially viable company.

Story #4: Rich Berens, Chief Executive Officer

I had a consulting project with one of the top three automotive companies about their market strategy in China. Unfortunately, the whole project was a mess. Some of that was driven by fact that their leadership team was not aligned. The decision rights weren't clear and the way that they worked with one another was just messy. We had a hard time navigating through it, and in the end the project was not successful. We completed the work, but nobody was happy.

At the time, I decided that if a client's leadership team is that dysfunctional, we just need to stay away because we cannot win. As a result, we tried to avoid clients such as these for a while. However, when we avoided that kind of work, we saw that we had less impact. Also, in a few cases where we ended up doing the work in spite of our efforts to avoid it, we saw the sustainable success we could have, if we did it well. Instead of seeing it as a problem to avoid, we began to see it as an opportunity.

It became clearer for us when we took a step back, did some research, debated our findings, and asked who we really are as a company. We decided that we are enablers of change for organizations. Based on this conclusion, we determined several steps that we could introduce explicitly in the front end of our consulting process that were not explicit before but are actually critical for organizations to do change well. This includes things that we knew to do well, such as defining reality, defining a compelling future state, and helping clients get clear on behaviors that the leadership team must take to support the organization in achieving its future stakes. We created product and service capability around this, and we integrated them formally into our offering. In fact, we now even have some consultants whose primary expertise is to address this "front end of change" kind of work. As a result, our overall solution suite is much more holistic now and has given us a greater opportunity for growth.