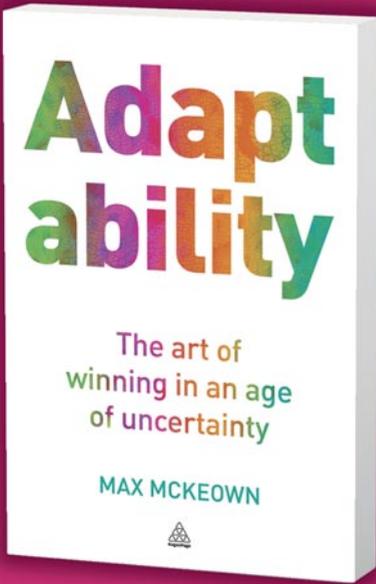


Adaptability

The art of
winning in an age
of uncertainty

MAX MCKEOWN





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Excerpt from *Adaptability*

INTRODUCTION: IN SEARCH OF ADAPTABILITY

This is a book about how people adapt. It's also a book about winning. Not just winning by playing the same rules but playing better. And not just winning where there has to be a loser. My interest is in understanding more about how social groups can move beyond the existing rules to find games that allow more people to win more often. New games can make everyone better off than before.

Adapt or die is not the only choice. Our adaptive choices and actions influence what happens to us. Just to maintain things the way they are takes effort. Just to survive can require blood, sweat and tears. Yet surviving is an opportunity; adaptability is more than flexibility, it's more than merely coping with a miserable set of choices in an unhappy game.

In the future, you can try to maintain what you already have, or you can attempt to transcend the constraints of your situation. We're part of a long chain of adaptive moves. Each move has changed the circumstances of our ancestors, until we arrived. Now it's our turn.

How do some people start from a losing position and end up winning? How do others follow the reverse path, starting from a winning position and end up losing? Why do individuals, groups, markets, and nations end up in situations that are mutually destructive? What can we do to move from miserable equilibrium to a joyous disequilibrium? In short, what are the rules of adaptability?

Finding answers to these questions meant examining the science of adaptation for clues that would be helpful in developing practical rules. It also meant looking at historic and recent examples to see what patterns, or strategies, of adaptation have worked in the real world full of messy, irrational, self-interested normal people.

Jared Diamond, in his ground-breaking book *Collapse*, suggests that societies may face four similar problems. They may have to struggle with environmental damage, climate change, hostility from enemies, and lack of support from neighbours. Faced with similar threats some fail while others succeed. It is the response that matters, and, since the response is all we can control, it is the response that matters most. Our ability to adapt is what makes the difference.

Culture, science and technology are the primary mechanisms of human adaptation. We can change the way we behave as groups, we can understand more about our world, and we can develop tools that enhance our ability to do almost anything. While far from the Gods our ancestors worshipped, we are still the best on earth at changing our circumstances with non-genetic changes to the way we live.

Science studies what is, what was, and what may be. Researchers observe what happens to discover the mechanisms behind what they see. Curiosity drives their search to understand what drives events and actions. There is no single science of adaptability but all scientists seek to understand part of the puzzle of how and why things do or do not change.

In the course of my own research, there was no prejudice against any source of knowledge about my question. In part, that's about how my view of the universe, my curiosity does not set up boundaries between insights gained by observing improvised comedy on late night television or from detailed measurements of ant colonies. They can all be relevant.

Some strands of scientific enquiry proved to be of particular importance because they include a number of scientists who have asked questions that directly relate to mine. Intriguingly they are often working in isolation from each other. They have asked their questions from within their scientific speciality and do not appear aware of findings from elsewhere. This book brings some of those theories, across disciplines, for the first time. It combines those discoveries with my own independent insights.

If you want to dig deeper into those academic fields use the additional references at the back of the book. Some of them are fairly technical but I've tried to provide some that are more accessible as a starting point. The question this book asks is valuable, the answers are worth your time and it will be my pleasure to have providing a guide to some of them.

People seek to survive. Most of us want to live well. And many of us want to live as well as possible, we seek advantages but not all of us succeed. Sometimes because we don't know how we can control circumstances, sometimes because we ignore for various reasons what we already know.

Not knowing how can be about individual ignorance, something we don't know that other people do know. It can also be general ignorance in our social group, organization or humanity. It can be something that is not known, some

new information or skill that has to be found, discovered, created and made to work. Or, quite often, what can be done is not done.

Adaptations may be deliberate or non-deliberate. They may also be successful or unsuccessful. There are adaptations that lead to failure for the entire social group. There are adaptations that allow the group to survive but leave people in a miserable situation. There are adaptations that improve the group's situation in a desirable way. And there are adaptations that transcend the situation and create a whole new game.

In my exploration of adaptability, there are three steps that have to be followed if there is to be deliberate adaptation that works. There is a lot to know about each step, and they are far from simple to get right. Depending on the nature of the problem or opportunity, they can involve huge amounts of work or very little; Centuries to accomplish or minutes.

Step 1: Recognise need for adaptation. If no one recognises a need or opportunity to adapt there can be no deliberate attempt to adapt. It's possible that someone will accidentally change behaviour in a way that improves the situation, yet this cannot be relied upon. Luck is the best of all tools but even luck is helped by a clear desire to improve something.

Step 2: Understand adaptation required. Recognising the need for adaptation is a good start, but there are many people, and whole nations, that recognise problems without knowing what to do about them. They worry a lot about the need to make changes. They may want something different but still not know about to get what they want. So they fail.

Step 3: Do what is necessary to adapt. It's entirely possible to know that you should be making changes to solve some problem or grab hold of some great opportunity, without doing anything to change. It's fairly common for people to know what is necessary and still not do what it takes. So that the greatest plans and most urgent needs are never used.

In my research, these three steps explain at a high level what led to successful or unsuccessful adaptation. There's detail and work in each step, and they are not meant to suggest that solving tough problems is always easy. Yet the effort required to cope is not necessarily any greater than the effort to survive, or the effort to cope. The difference is small.

The difference is focus. The difference is difference. You need to be able to imagine various future situations, some worse, some the same, and some

better. Imagination allows you to recognise a problem while there is still time to solve it. Imagination allows you to move outside of the limits of the existing game and figure out how to create new rules.

The outcomes of adaptation, or lack of adaptation, may be failure, survival, thriving or transcendence.

Collapsing is the end of the social group. The group ceases to function. Everyone may abandon the group as is the case with mass immigration, defection or resignation. The group may lack the resources support its obligations and be disbanded even without abandonment. This may take form of bankruptcy, extinction, anarchy or even death.

Coping is usually better than collapse because the group continues to exist. The problem is that the situation is not desirable, it may even be miserable. The group continues to have resources, it continues to function as a group in various forms but people are not satisfied, growing or improving. They are surviving without prosperity, pride or joy.

Thriving is much better than coping because the group is enjoying success in its current situation. The rewards and benefits of their daily efforts are worthwhile and desirable. If the game demands a loser then those thriving are the winners. If resources permit many winners then thriving involves many enjoying the benefits of a winning game.

Transcending allows escape from the constraints of the existing situation and rise above it. They create a new situation and a new game with new rules and improved outcomes over the long term. The group has moved from one way of living or working to a better way. Thriving was good within the old rules, but transcendence allows more for everyone.

These success levels are not fixed. There is overlap between them. The same group may cope in some things, miserable in other activities, and thriving at some of what it does. Individuals may be members of different groups and experience failure and success depending on the group.

Each of these terms can be relative. Collapse can be catastrophic involving millions or involve only a small part of a couple of people's lives. Some levels of thriving may be just a bit better than surviving. Some groups may survive in systems deliver prosperity because people have transcended the limitations of miserable systems in the past.

The levels of adaptation success will also change over time with a group moving from coping to thriving and then to transcendence many times, but equally capable of dropping back. Social adaptation is a system with

relegation and promotion; it is always the beginning no matter how many times you have failed or succeed.

Whatever situation you are faced with there will be some level of choice about how you respond. Typically more time you have the more choices you have but that is not always how it seems. And it's often the case that people delay, for many reasons, making any choice so that the time they thought they had is squandered. Choices can be made that leave you in a worse situation than before, leave you exactly where you were, or with imagination and luck put you in significantly better situation from then on.

There are no hero companies. There are no perfect leaders. Instead of focusing on just a handful of corporations, we will examine many different stories of how individuals and groups have attempted to adapt. Some of them have failed so completely that their group has ceased to exist; others have succeeded so spectacularly that they have changed history.

We will explore the nature of adaptability, not as a static set of values but as a dynamic set of principles. In particular, we will look at the mechanisms that either leave groups of people stuck doing what they have always done or allow those same people to do something new.

Doing nothing requires effort. Over time, that effort is greater than the effort necessary to improve, or move somewhere better. The trick is to engage sufficient numbers of people in redirecting their energy. This can be done either by convincing them to refocus or by changing the way the social group works so that they refocus without a conscious decision.

From Recognition to Adaptation

For ease of reading, I've divided the book into three main parts, each focused a little more on a particular step in the adaptability process. This will make it simpler for you to see the way each rule works, although each rule of adaptability will also examine all three of those steps. Luck can remove the necessity of recognising the need to adapt, and even an understanding of what adaptation is needed but it cannot remove the requirement for action.

To show how adaptability works, we'll look a rich set of examples, problems, and situations. We'll discover the 15 year old geneticist working from his basement, and the Italian town that said no to seemingly inevitable change. Along the way, we'll visit the adaptation of western technology to the social

structures of sub-Saharan Africa and explore how quantum games may solve some of the world's trickiest problems.

We will look inside global corporations like Starbucks, Netflix, and McDonalds to see how they flirt with extinction, create internal barriers to adaptation, and adapt to transcend their situation. We will investigate some of the most fascinating psychological experiments to understand better the behaviour of social groups and the value of rebellion.



Part of winning in an age of uncertainty is experimentation, trial and error, learning from our mistakes.



Human attempts to adapt are not restricted to any particular period in history, and such attempts may involve individuals, small groups, large organizations or entire civilisations. The need for improving adaptability can be found everywhere. The consequences of failing to adapt, or adapting in ways that are counterproductive, even miserable can be seen in the world's great stagnation and seemingly unsolvable crises.

Part of winning in an age of uncertainty is experimentation, trial and error, learning from our mistakes. Yet there is more to adaptability than a willingness to risk failure, there is more than inner confidence. It is entirely possible to fail repeatedly and learn nothing. It is also common for humans to learn lessons that do not lead to changes in behaviour. We may repeat the same mistake over and over again, or may simply avoid the breakthroughs that seem inevitable given the scale of our need.

Events of the past few years have underlined the value in the principles discussed in my previous books. First, it has proved impossible to control the waves of social and technological change. My advice to learn how to surf those waves, reacting intelligently to circumstances does seem better than relying on plans that are based on simple extensions of the past.

Second, crisis has become a constant in the daily lives of nations, governments, corporations and individuals. When I said crisis was a terrible thing to waste, it was not certain that there would be so much of it to go around. When I explained the difference between disaster, where there is no choice left, and crisis, a critical turning point, it was not known that the next decade would be spent trying to make that turn.

Adaptability is the most important of human characteristics. Survival is opportunity; it's the opportunity to create a better game, a better situation, a better life for us all.



You can think your way to a better future

But it's not enough. As we explore together over the following pages, hopefully we'll discover ways of learning faster from failure, and adapting beyond the dangerous constraints of existing systems. There are seven billion of us now, it has never been more important for us to improve our ability to adapt.

All failure is a failure to adapt. All success is successful adaptation. Adaptability is about the powerful difference between adapting to cope and adapting to win. Adaptation is important in all life and so this book will examine examples from business, government, and sport, military and wider society to bring the rules of adaptability to life.

From the world's most innovation corporations to street-level creativity emerging from the slums. From McDonalds to Sony, from post-war Iraq to the revolutions of the Arab Spring, from the bustling markets of Hong Kong to the rubber marked circuit of the Monte Carlo Rally.

Human history is a story of adaptive collaboration and competition between groups and individuals. It is never been more important to understand adapt in successful ways in this age of uncertainty.

- How do some groups adapt better to uncertainty?
- How can leaders create a culture of super-adaptability?
- How can you transcend the constraints of your situation?

Innovation is important but not enough. Strategy, branding, marketing, and operations are all useful, but insufficient. You can't separate circumstance from action when you try to explain success and survival. It's entirely possible to do the right thing according to an out-dated playbook. Or to find a new better way of doing something that still leaves people trapped in the miserable equilibrium of an unwanted situation.

You can improve every day of every year and still fail. You may fail adapt to the specific demands of your situation, a new market you don't even understand or any enemy playing a different game with different rules. Or you can be part of the group that adapts faster and smarter than the situation changes. You can think your way to a better future.

Part One

Recognize the need to adapt

For the foreseeable future, the future will be unforeseeable. You can be fairly certain that there will be uncertainty. You can be confident that events will overtake your plans, and that the actions of others will require response. And you can be pretty sure that if you don't recognize the need to adapt, then it's difficult to make any changes.

'We didn't adapt fast enough' is a common enough explanation for the poor performance and disastrous leadership of many organizations. It's been used by politicians to explain the opportunities lost through years of war that create more problems than they solve. Adapting too slowly can be damaging or fatal. Not recognizing the need, slows adaptation.

'We got it wrong' is less popular but just as relevant. People can move rapidly but in the wrong direction. Groups can act quickly but make the wrong changes leading to the opposite of what was intended. The ability to recognize the mistake and adjust direction is valuable, not just once but as often as necessary to move towards a more desirable place.

People, particularly in groups, can end up confused about what to do next for the best. People can split up into factions and fight over various flawed route maps. They can also sit complacent about the future because they are unaware of the changes around them, the changes coming. When change arrives that contradicts the experience of the group they may be left in a state of bewilderment, unsure and uncertain.



**The true mother
of invention is
curiosity, not
necessity**



The true mother of invention is curiosity. We may use the ideas of others because we need them, but new understanding does not arrive simply when needed. If it did, people in tough situations would always find a way to overcome them through ingenuity, but they don't. It is entirely possible for an individual, group, or nation to try nothing new in response to enduring responses. Necessity does not guarantee adaptation.

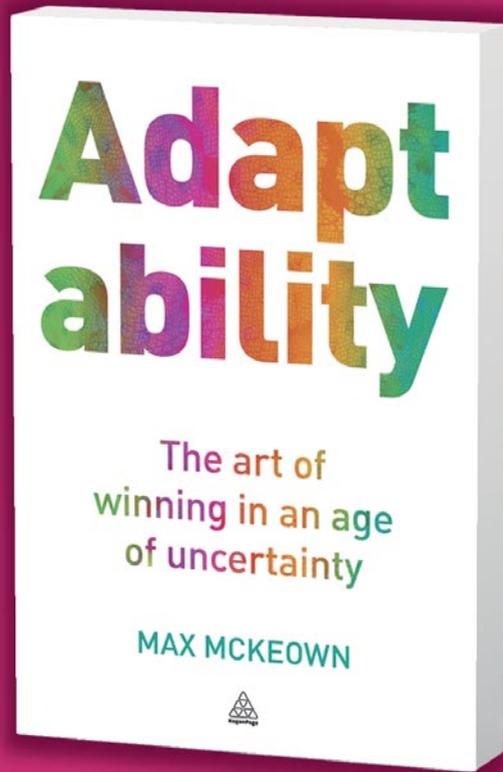
If you're not curious, you have fewer options when a familiar situation changes. As Virginia Rometty, the new CEO of IBM put it; you may only be one mistake from irrelevance. Not if the mistake is small or temporary, but certainly if the mistake changes the direction of the group in a way that compounds the nature of the mistake, then survival may be threatened.

The most successful adaptors are curious. They understand that stability is a dangerous illusion, and reach beyond the limits of what is to what may be, both good and bad. They reach out beyond the obvious questions to non-obvious answers, and are willing to embrace unacceptable wisdom as a way of increasing the options available. They do not simply accept the choices they are given but actively seek better choices. New choices.

RULE

1

Play Your Own Game



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Adaptability is the key human trait. The ability to adapt faster and smarter than the situation is what makes the powerful difference between adapting to cope and adapting to win. Our history is a story of adaptation and change. And in the times of brutal competition and economic uncertainty, it has never been more important to understand how to adapt successfully.

In a series of powerful rules, **Max Mckeown** explores how to increase the adaptability of you and your organization to create winning positions. Fascinating real-world examples from business, government, military and sport bring the rules of Adaptability to life - from the world's most innovative corporations to street-level creativity emerging from the slums.

Adaptability is a powerful, practical and inspirational guide to success in uncertain times.

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