

Not Having This Mind-set Could Be Deadly For Your Business

By Stephen M. Dent

Of the Six Partnering Attributes, Future Orientation is one of the least recognized and understood of the partnering attributes. Why, you ask? Future Orientation is not well understood because it is paradoxically based on a successful survival strategy and an often-failed mind-set.

Future Orientation is based on the concept of *knowledge transfer*, a psychological mechanism that allows the human mind to take shortcuts when processing information and making decisions. When confronted with an event, the human mind, being rather lazy in its day-to-day operations, seeks out past situations similar to the one it presently faces and follows the path of least resistance; it tries to resolve the event using the same or a similar strategy it believes was successful in the past. This conserves energy and has proven successful for humans over the millenniums. After all, we're still here, right?

These mental maps, which the mind uses so effectively, are based on internal assumptions that are buried deep within the brain. They include our values and beliefs, together with much accumulated data based on our personal past experiences. Our mental maps manifest themselves in how we view the world, which we communicate through our use of language. Therefore, our language itself reveals our orientation.

How does this play out in organizations? One of the most poignant examples has just concluded playing out in the U.S. automobile industry — historically one of the most “past-orientated” industries in the world. Quite honestly, while they have improved the technology for manufacturing vehicles and improved the comfort, safety, and reliability of automobiles, (mostly because of government regulations requiring them), the concept of the automobile hasn't changed since Henry Ford rolled his first Model A off the factory floor.

It is no secret that American automobile manufacturers are in decline. Market share has continuously dropped to their foreign competitors along with the value of their stock. For example, in September 1998 GM's shares were selling for around \$65.00 a share. In September 2004 they were down to around \$40.00 a share, and in September 2006 they are around \$30.00 a share. The question is: How low will it go?

Shedding factories, cutting employees, and moving manufacturing facilities to cheaper-labor offshore sites will only slow the bleeding. American car manufacturers need a dose of “Future Orientation.”

Kirk Kerkorian, GM's biggest shareholder, proposed last July that GM consider entering into a global alliance with Renault, France's once ailing automaker that purchased a majority stake in Nissan, Japan's venerable but weak auto manufacturer, to combine forces to create a global powerhouse.

However, in an article in *The New York Times* (September 26, 2006, “G.M. Said to Be Wary of Alliance,” by Micheline Maynard) consider the comment by Patrick Pelata, who

led the talks for the Renault-Nissan side. You can just hear the past-orientation mind-set coming from GM.

“Mr. Pelata, a close associate of Carlos Ghosn, the chief executive of both Renault and Nissan, said members of G.M.’s negotiating team, including its chief financial officer, Frederick A. Henderson, have said they are wary of Renault and Nissan’s claims because of G.M.’s experiences in its alliances with global auto companies.

“Referring to the hoped-for synergies in those deals, with companies like Suzuki, Fiat and Isuzu, Mr. Pelata said that G.M. officials told the Renault-Nissan side that they had ‘never seen them come about.’

“A G.M. spokesman, Brian Akre, took issue with the notion that G.M. would be skeptical of a partnership because of past relationships with other automakers.

“‘We’ve had multiple alliances, some of which have been very successful and some of which have not,’ Mr. Akre said.”

The language used by the GM officials seems to indicate: “based on our past experience, alliances do not provide the benefits we’d hoped to get in return.” This is quintessential past- oriented language. However, in this case, it is combined with what appears, at first glance, as defensiveness by the GM spokesperson, Mr. Akre. Defensiveness is another quality one sees in past-oriented businesses.

Let me review some of the characteristics of a past-oriented organization, and then you decide if GM is past oriented or not.

Characteristics of a Past-Oriented Organization

- **Closed and Controlled Decision-Making Style** -- Decisions are made by a small, hierarchical elite group of individuals who disregard input from outside their circle, including their customers and employees
- **Maintains Status Quo** – Striving to keep things as they are, hoping that outside forces do not require change
- **Attitudes Of Scarcity** – When times get tough, the goal becomes to conserve what we have through reductions rather than having an attitude of abundance (how to make the pie larger)
- **Need For Control** – There is a high need to have total control over the organization, ranging from decision-making to implementation
- **Inflexible Belief Systems** – Our way is the right way, and nothing will ever get us to change our minds
- **Hierarchical Management Style** – Designed to keep away those who may think differently from us

The article goes on to say that Mr. Pelata pointed out that the three companies could improve their performance in at least 1,000 areas if they agreed to an alliance.

Sadly, my assessment of General Motors is that the company is so deeply mired in past orientation that its fortunes will not change anytime soon. Unless its executives break through their pervasive attitude that they alone can determine how the automobile industry will move in the future, I predict GM will continue to see market share diminish and stock prices dwindle.

The alliance talks are off the table now. A *Wall Street Journal* article on October 5 (“How Wagoner Wins As Ghosn Alliance Talks Fail,” by Monica Langley and Joseph B. White) discussed a number of possible reasons why the proposed alliance of GM with Renault-Nissan officially ended on October 4. It’s interesting to note that the article points out that GM stated it is open to the idea of pursuing some specific joint venture projects with Renault-Nissan — similar to an existing venture arrangement of the companies, which GM considers having been successful *thus far*.

A follow-up October 6 article in *The New York Times* (“Dissident Quits Board at G.M.,” by Micheline Maynard) the reporter wrote: “Mr. York had not found an environment in the boardroom that is receptive to probing much beyond data provided by management.”

An October 7 *Wall Street Journal* article (“York Assails Board’s Autonomy While Holder of 9.9% Stake Mulls What to Do With It,” by Monica Langley, Neal E. Boudette and Joseph B. White) adds that “York assailed the independence of GM’s board” for not obtaining an objective review of the proposed alliance and relying only on management’s assessment. Moreover, a GM spokesperson quoted in the article referred to the directors accepting management’s materials as “absurd.” The “go-it-alone” attitude is a classic past-orientation mind-set.

Finally, consider this statement in the October 7 article: “Mr. Wagoner rebuffed Mr. York in other areas, such as by *refusing to consider* killing one of eight U.S. vehicle brands.”

Review the six characteristics of a Past Orientation above and you tell me . . . will GM be number one in 2016? I wouldn’t bet on it.