

NURTURE MANAGERIAL CONTESTABILITY AND EMOTIONAL MATURITY

HOW CAN COMPANIES ACHIEVE SUSTAINABLE GROWTH?



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For every disadvantage there is an advantage. The financial crisis has brought home loud and clear one salutary message to managers, opinion and policy-makers. The 21st century will belong to those companies how can grow sustainably, without causing major crises and all accompanying trauma to stakeholders.

AN EMOTIONALLY MATURE, DEMOCRATIC CULTURE

I spent the last ten years doing research with British colleagues on the following question: What existing management practices allow companies to achieve sustainable financial success? We selected Dutch, British and Belgian companies that were able to avoid financial crisis and sustain admirable growth figures during the last three decades, tough competition notwithstanding: Tesco, Smith & Nephew, Rabobank and Colruyt were amongst the selected companies. We then grounded our theories of sustainable success in how managers in these companies have avoided crisis and made things work since the late 1970s.


The main foundation of these companies' success is their long-term investment in a very particular culture: one that tackles the sources of emotional stress before financial stress. A major cause of toxic emotions in companies are perceptions that personal frustrations are not taken into account and managers act to further their own (or their 'tribe's') ambitions. Our selected companies cultivated the opposite culture: one in which personal frustrations can be discussed and dysfunctional ambitions can be contested.

BALANCED INTERNATIONALIZATION DECISIONS

Open discussion and contestation is entirely acceptable on one condition: that contestation tackles an organizational problem and not just a personal grudge, that once frustrations are vented there should be no hard feelings, and that everyone should jump on-board once a decision is made. As a result, managers

in these companies face more open resistance before decisions are made, yet far less once decisions are made. This means managers ultimately are forced to take more mature and informed decisions, a critical key to sustainable financial success. Obviously, Tesco, Rabobank, Smith & Nephew and Colruyt often make mistakes, as their counterparts do. Yet, as contestation is legitimate, and emotional retrenchment is not, these mistakes typically are smaller, easier to reverse, and more likely to be followed by a learning process. Thus, Tesco has learnt to take more balanced internationalization decisions than Sainsbury, Rabobank has kept investing in 'real economy' customers where its competitors followed the international securitization frenzy, Smith & Nephew learnt to prosper in the US healthcare market where its British counterparts failed, and Colruyt's no-nonsense retail-IT approach thrived where its competitors lost the plot.

A LONG GAME

What existing management practices allow companies to achieve sustainable success? Managers should gradually, yet relentlessly invest in a culture averse of 'the not invented here syndrome', more genuinely tolerant of diversity, more open to negative reactions, yet also more faithful to continuity and the principle "once we take a decision, everyone supports it...no-one can hide". In other words, sustainable success requires investing in a culture that is more democratic and diverse, yet also more systematic towards how change fits in the bigger picture, and tougher on coalitions of the unwilling. 

EXECUTIVE SUMMARY

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