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DON'T COMPETE AGAINST YOURSELF

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Imagine this situation: a salesman comes in from the field and says, “We’re in trouble. Our competitors have started a price war. We can’t fight them if we don’t cut our prices now.”

“Are you sure?” asks the sales manager.

“Absolutely. No question about it. All our customers are saying the same thing. You know that I’ve been warning that this would happen. Now the customers are up in arms.”

Or listen in on another discussion, this time between a CEO and her top team. They’re talking strategy. Sensibly, they’re analysing their business environment.

“The global economy looks pretty shaky,” says the CEO. “What does it mean for us?”

“We’re fine,” says the marketing director. “Our new range of products is doing well. Customers are switching to us like crazy – and they’ll keep coming. Our two biggest competitors both have real problems. We’ve got them on the run. They know they can’t keep up with us.”

Think of these as *killer conversations*. Be warned about letting them take place in your own company. Before you know it, your own people could put you out of business.

None of us can see the future. Perfect knowledge of the past is little help in knowing what lies ahead. So most business decisions have to be made on the basis of assumptions – “I think this is what will happen ... so this is what we must do.”

Sometimes, assumptions are well-founded. The facts are clear and there’s no denying them.

Sometimes, managers go out of their way to develop the best possible sense of what’s going on or what might occur next. They do their homework. They gather a lot of information and insights, consider various scenarios, and create a range of options. Then they test them – against history, through further customer surveys, or by bouncing them off outside experts.

Most of the time, though, guesswork rules. People grab whatever snippets of news, rumour, and gossip come their way, form opinions, and defend them with extraordinary vigour. They read one report about falling house sales, and right away start telling everyone that the economy’s going to hell in a handbasket. They fail to make a sale because they don’t make enough calls, don’t have the right skills, or whatever, and blame it on their firm’s high prices.

There is a very fine line between being an astute interpreter of events and being lethal. As human beings, we’re prone to believing our own bullshit. People can easily be persuaded to do things that make no sense at all. Strategies can be concocted that turn into kamikaze missions.

If you want proof, just look back a couple of years to the height of the dotcom boom, and recall the astonishing promises that were made – and believed. Countless entrepreneurs promised a future in which customers paid for nothing, yet market share and momentum would fuel growth and ultimately deliver massive profits. Smart people bought the dream. Venture capitalists, day traders, business professors, and the media couldn’t get enough of it.

The same thing happens on a different scale every day in almost every company. In my experience, this happens for three reasons:

1. **People see what they want to see.** They shut out bad news. They'd rather prepare for a boom than a recession, for an easy win over competitors instead of a long, tough slog.
2. **They don't change their minds easily.** Once they've chosen a particular course, they stop looking for disconfirming evidence. And they stick with their plan even if they're hit between the eyes with new facts that say it's wrong.
3. **They invest a critical mass of time, energy, and money in blocking possibilities.** As these "sunk costs" grow, it gets harder to abandon them and try something new.

So what can you do about all this?

There really is only one answer, and that's to foster a "strategic conversation" in your company that is inclusive, robust, open, and honest. A conversation in which there's space for both facts and feelings, as well as half-formed ideas, but where flaky notions are highlighted and weak arguments are shredded.

This won't take away all risks. But it will go a long way to ensuring that you get a wide range of views, that ideas are challenged before they're cast in concrete, and that your organization is flexible enough to change direction when you get things wrong.

There are very few certainties in business. For all the talk about "tools" and "concepts", it's a pretty sloppy activity. But you can't afford to be paralysed by a never-ending search for the "right answer". There's just no such thing. So best you confront reality, challenge your own assumptions, and make a habit of challenging other people's too.

Strategic conversation is sure to be tomorrow's No. 1 business tool. It's gradually catching on among major companies. It won't provide answers to uncertainty, but it does go a long way to making the most of it. And it's the one thing that will keep your own people from becoming your deadliest threat.

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