

The Geometry of Success

Patterns of Profitability: Assets



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How we think affects how we act. In my own case, I'm always sure there is treasure hidden in people, data, businesses, projects, and that I'm going to find it. This has led me to work with people to see hidden potential and deliver its unrealized value. In the first paper of this series on Patterns of Profitability, which I have culled from my work at Kellogg School of Management and my firm, Third Angle, I described three patterns that reflect mindsets or ways of thinking that contribute to an organization's serial success in doing new things or doing things in a new way. I have seen successful companies use these mindsets to perceive accurately and influence effectively the full, complex systems of their organizations.

Identifying Patterns of Profitability

A **mindset** of more sees new opportunities through lenses of both optimism and humility; **new yet familiar** bridges the divide between today and tomorrow by using familiar metaphors, symbols, and rituals to frame a change; and **paradox** permits a wider definition of profitability and success by taking an alternate view of apparently contradictory elements.

These mindsets are of no value unless they lead to action. Taking action to change a complex system requires exploiting the organization's assets. With the next four Patterns of Profitability we move from mindsets to assets.

Assets

Flexible assets are the fourth Pattern of Profitability. They are money, knowledge, people, and relationships that are free to move around and be invested in various ways anywhere in the organization to help it grow.

For money to be a flexible asset, someone who controls it must be willing to share and invest it. The same is true for knowledge, which also requires that the pathways exist for information to move easily from one area of the organization to another and be translated in a way that makes meaning for the receiver of it. A company culture that values relationships and sharing and wholeheartedly puts its energy behind it is also a flexible asset.

As in the folk tale “Stone Soup,” the contribution of the asset each one has to offer, be it a stone, a bone, or a carrot, can add up to something that feeds the whole community. But serendipity only goes so far, and for an organization to succeed, it needs to be able to know what its flexible assets are and where to get them. To help Third Angle clients navigate the complexity of their asset landscape, we draw up what I call a networked ecosystem of opportunity, or NEO. The NEO illustrates not only the usual assets like products, infrastructure, and people, it also includes the interests and motivations of the greater business the ecosystem including customers, supply chain members, business partners and media channels.

We call this an ecosystem because the word evokes a broad, interwoven microcosm full of subtle dependencies and potentialities. It reaches to external partnerships beyond the organization’s borders and includes assets of other types, such as reputations, competencies, social trends, and policies. The NEO helps us find these diverse assets and trace the web of connections among them so that we can see latent opportunities to use them more creatively and wisely.

Think of how Starbucks was created out of weaving together observations like people stopping for coffee on the way to work, working at home, needing a place to meet that had ambiance but wasn’t a bar or restaurant, and willingness to pay a price to have something customized just for you.

Sometimes assessing the NEO can reveal unusual suspect assets like the knowledge portal project we worked on with a national commercial real estate firm. The project was stalled in arguments about the parties until they all realized that Vinny, an informal leader in maintenance had real-time relationships and knowledge about what the biggest clients valued, what music they liked, when they felt well-served and when they felt in the dark. Vinny’s down-to-earth wisdom was the key to releasing the tension between the builders of the project, and factored heavily into the design decisions.

And this is the very reason that developing the NEO is an exhilaratingly creative process: you don’t have to limit your thinking. We don’t focus a zoom lens on each cell of the organization’s matrix, instead we widen the aperture to find what the panorama holds. It’s not just “think big,” it’s “think broad.”

The NEO’s purpose, as its abbreviation suggests, is to help find something new. Creativity and innovation are more likely to derive from the mash-up of overlooked or seemingly unrelated assets. We look for people who link otherwise disconnected groups and thus have a unique position to see more connections among assets. Then we highlight where there is energy or a buzz, linkages of people, ideas, or things that exert a gravitational pull. Elements that might have seemed disconnected or even paradoxical can turn out to connect many dots at once, thereby providing a new opportunity to add value across the ecosystem. You have to look for your Vinny’s and remember that it takes different kinds of leaders to really make a project go.

The fifth Pattern of Profitability, **three kinds of leaders** hold a special capacity to be agents for growth. These “leaders” might not have the formal titles usually attributed to managers, but they exhibit the practice of leadership and can catalyze the actions of others. In a NEO they stand out on the landscape as hotspots of energy with many connections. In ecological terms, they are like a keystone species: even a few of them can have an outsized impact, and they help to keep the whole system in a healthy balance. You need all of them on a project. Sometimes they can be embodied in one person, but more often they are distributed across people.

Three well-known characters aptly represent these three kinds of leaders:

- Thomas Edison is the open-minded, creative leader with the can-do attitude who never met an idea he or she didn't like.
- *Indiana Jones* is the rational, methodical leader who will ask questions with a healthy skepticism and apply reason up to a point, but will take a leap of faith when logic doesn't supply all the answers.
- *St. Paul* characterizes the broker in the network who can span many groups naturally. He or she has an inside track to the key players, knows what will motivate them, and can influence their thinking.

Some of the people who fit these types might epitomize the next Pattern of Profitability, the **third-party catalyst** – a person, place, or thing that adds energy to the organization, makes the need and capacity for change apparent, and creates movement away from the current state and toward the desired direction. This is not a project manager per se. It is a shepherd, virus, someone or something that awakes attention and motivation toward a specific direction. For example, new technologies have inspired innovators to develop new business models, from the classic example of FedEx to the more recent upstarts of Uber and Airbnb. People who are catalysts are especially well-connected and influential, and they couple those capabilities with their savvy determination to work through barriers. They see potential and will take a calculated risk to achieve it. They are not only aware of their own motivations, they can perceive what others want or need and help them see a way to get it.

This win-win perspective underlies the seventh Pattern of Probability, **mutual value**. This pattern reflects an attitude among individuals of wanting each other to win and creating a virtuous cycle where contributions loop continually back and forth across the organization. This cycle can be quite powerful, as Wayne Baker of the University of Michigan has demonstrated. Dr. Baker has created the “Reciprocity Ring” to help people tap the resources of their networks. Each person in the ring asks for something important that he or she needs, and each of the others offers whatever they might have that could be useful in meeting that need. Participants are often surprised by the diversity of offers and the level of generosity extended to them.

Where there is a pattern of mutual value, reciprocity occurs naturally. People are aware of each other and of what I like to think of as their “itches” to scratch: what matters to them, what motivates them to take action, and what they will enjoy giving. When making decisions, good business leaders tap into that dynamic to find mutual value so that, as the Dodo said after the race in Lewis Carroll's *Alice in Wonderland*, “Everybody has won.”

We have seen the value of a project have enduring value in delivering not only business outcomes but personal friendships and cultures of trust when individuals from professions as diverse as engineering, science, marketing, and legal came together and made up their minds to tap the brainpower of the organization in discovering a new venture that had before seemed too impossible when looked at in silos. Furthermore, they committed to having fun and learning from each other. Months after the project was successfully completed, those individuals are still being called on as “innovators” not only because of the way they won the work but because of how they behaved.

Be it in fiction or a business story, twists and turns develop the plot, and as the characters interact, they show us what they are made of and what they care about. In the stories in which I've personally been involved, innovative business leaders resolve their plots with happy endings by acting upon good business decisions. They pull all the clues together to find the right answer to the mystery of “what next?” Those right answers are the subject of the next paper in this series, where I will talk about taking advantage of mindsets and assets to discover and bring to fruition the creative decisions and wise actions that deliver value to all those residing in the business networked ecosystem. It's what we call “finding the Triple Play” and that is one of the most exciting experiences one can have in their professional life!