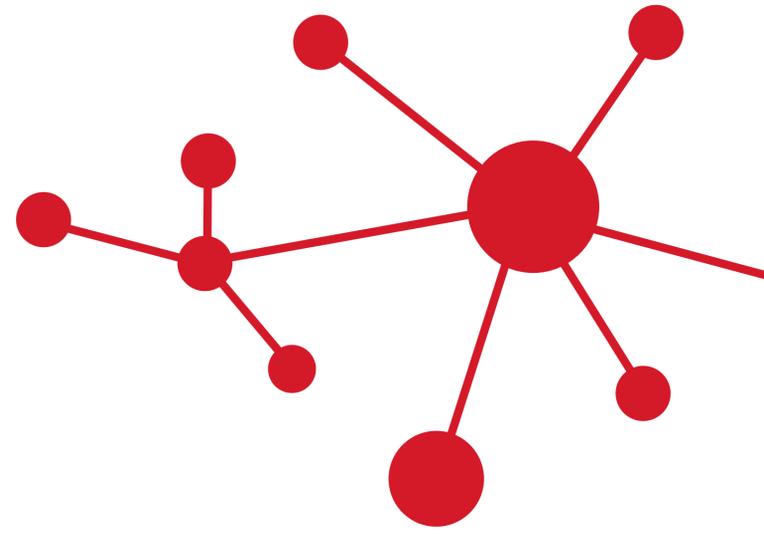


The Knowledge Project



Roger Martin:

# Forward Thinking

EPISODE #97

*fs*

**Shane Parrish:** Roger, so good to get to talk to you today.

**Roger Martin:** Hey, it's my pleasure, my friend.

**Shane Parrish:** You had an amazing mother growing up. What are some of the biggest lessons you learned from her, and how did you learn them?

**Roger Martin:** Well, maybe just by osmosis. She was an awesome, awesome lady. I think the most striking thing about how I learned is she would answer almost no question. If you ask her a question, she would typically ask a question back. For example, if I'd asked her, "Mom, have you seen my ..." I used to play with Tonka, those little metal Tonka trucks. "Have you seen my blue Tonka truck?" Instead of her answering, she would say, "Well, Roger, what's the last time you are absolutely sure that you can remember holding it in your hand?" Then I'd think a whole lot about it.

**Roger Martin:** Then she'd say, "Well, why don't you go to where you were when you last can remember having held it in your hand." Sure enough, it would be there. She didn't say check your bedroom or check this. She would always return fire with a question. She taught me that you have to think your way out of things, and you have the power to do that. That's amazing, fairly simple. As a four or five-year-old, it's a powerful lesson.

**Shane Parrish:** Something that we're missing today in a lot of ways, don't you think?

**Roger Martin:** Yes, I think so. I think the education system has got a fundamental assumption that the job is to unzip the top of your head and pour knowledge in rather than to teach you how to think. Now there are awesome teachers. We work with a lot of awesome teachers in our, I-Think program, for example, who I think are attempting to teach students how to think, but there's just too much of it that is pouring in knowledge and assuming that that is that somehow makes you more effective.

**Shane Parrish:** As the former dean of the Rotman School, you're in a

position to know. You oversaw some of the most significant changes there in a long time. What would you say is wrong with business education specifically?

**Roger Martin:** That one, unfortunately, there's a big, big problem. It's that business schools do not teach the fundamental problems of business. That's pretty bad, right? What they teach are finance, what they teach is marketing, they teach us HR. As the greatest management thinker of all time, Peter Drucker said, "There are no marketing problems, there are no finance problems, there are no accounting problems, there are only business problems." These are problems that sloppily span across a bunch of domains and business education has abdicated, doesn't even try to teach how you think across domains.

**Roger Martin:** That's really problematic. It's consistent with a lot of the huge problems in the world, is thinking that you can decompose things into little pieces and somehow add them up together, and they'll add up to the whole that you wish, doesn't happen. Business education is a critical impediment to that, as it currently stands.

**Shane Parrish:** Is it right to say that part of teaching people to think better is trying to teach them that everything is connected to everything else in the world?

**Roger Martin:** Yes, it is. That's a more daunting task. I understand why business education abdicates that. That's a more daunting task. Things are less easy to prove. It's much easier to prove as you would well know, Shane. You've heard other guys, all else being equal, this causes that. You know all those other things that you have to assume are equal are not. If you do hold them all constant, then you can develop and prove a causal relationship between two things. It's easier to write a paper, do a study, all of those things if you take a narrow, narrow lens, but that's just not helpful to the world.

**Roger Martin:** I think business education draws in lots of people who would have succeeded without it. They're the ones that small percentage of people who can integrate, who just learned early on in their life one way or another long before they got to business school how to think integratively. Then they go to business school, then they go out and think integratively despite what business school taught them. Then the business school says, "See? We made that person." I just don't think that's the case.

**Shane Parrish:** Where should that start, that integrative teaching? What should it look

like? You strike me as somebody who's thought about this a lot more than the average person.

**Roger Martin:** I think I have. I've been taught things that I, for sure, didn't expect or understand. As you may know, I introduced this concept of integrative thinking. I wrote a book on it and introduced the concept of it to business education, to Rotman School. I had a student, a wonderful student, by the name of Ellie Avishai, who came from an unusual background, primary education. She was a school teacher before coming and doing an MBA. She loved integrative thinking and said to me, as she was graduating, "Hey, Roger, I think you can teach this to younger people than MBAs."

**Roger Martin:** I said, okay, let's see. We've arranged through a friendly person to test it out at an all-girls high school called Branksome Hall. It was spectacularly successful. It was an eye opener to me because these girls who were grade 10 girls, they had definitively six fewer years of formal education, grade 11, grade 12, four years of undergrad compared to our MBAs, and our MBAs, on average, have about four-and-a-half years of work experience. They have 10.5 fewer years of life experience. Their ability to come up with integrative answers was 100% as good as the MBAs.

**Shane Parrish:** That's interesting.

**Roger Martin:** I said, whoa, what does this mean? This means that that additional 6 years and 10 years of less experience is good for nothing in making you better at doing this thing. That was a real wakeup call. Then we started teaching teachers, high school teachers, because we had this conception, how foolish we were, we had this conception that well, high school was really pushing it, that your intellectual development was just maybe barely ready. Now that wakeup call was your intellectual development is really ready.

**Roger Martin:** Some primary school teachers came to our programs. Our first reaction was, oh, no, that's silly. You can't teach it to kids like that. They're just too young to really understand this complicated technique. Bless the teachers. The teachers said, "I think, will be the judge of that," and they started doing it. We now have teachers in the school system in Ontario teaching as young as grade one and two students how to do this. Here's the cool thing, they're really good at it. It is just charming, actually, to watch these kids work on

solving either/or challenges.

**Roger Martin:** We have all sorts of fairs at the school. They come in, and I always get weepy listening to them. The bottom line is, is that they don't need to be untaught anything. That's their gigantic advantage. They're easily smart enough and they don't have a view already built up that life is full of either/or choices where it's the devil or the deep blue sea, and you just have to suck it up and choose one bad choice over another. They don't understand that. When you say, okay, here's this choice, do we do this or do that? Here's a technique for figuring out something better. They're like, sure, let's go do it. They're great at it, really good at it.

**Shane Parrish:** You had a four-step methodology for teaching that. Can you walk us through that a bit?

**Roger Martin:** Sure. You start with the notion of taking the two models, let's say, and we often use the Toronto International Film Festival as an example. You say, there are two models running a film festival like Toronto, the community-oriented film festival, anybody can go. There are not velvet ropes all over the place. There's not a jury. It's just a friendly community film festival. Then there's Cannes on the other side. Rather than saying let's think about something in between right away, you say, let's push those to the extreme, the completely exclusive film festival, the completely inclusive film festival.

**Roger Martin:** Then you lay out how they work. How do each of those work and produce the output that they produce? We asked, how does it work for the various players involved? How does it work for the community? How does it work for the film industry? How does it work for the festival itself? You lay that out and you say, okay, here's how this one works, and here's how Cannes works, and here's how TIFF, or Sundance, or Tribeca works. That's one. Then you ask yourself the question, what about these things do we love the most?

**Roger Martin:** What features, what mechanisms do we love of both? Then ask the question, third step is do what we call these integrative moves. Because what we've noticed is that there's three kinds of integrative moves. In the case of TIFF, it was what we call a double down. Piers Handling, who was running TIFF at the time, loved everything about the inclusive community-oriented film festival, loved what it did for the community, loved

what it did for the industry.

**Roger Martin:** He loved one thing about Cannes, and that is the buzz that it created that brought the attention of the international media, which made it a wonderful sponsorship opportunity. Evian would pay a whole lot of money to make sure that a bottle of Evian is on the table when every starlet gets interviewed. What Piers did is come up with this brilliant notion, which is we can make the inclusive film festival even more inclusive in a way that gets us the one thing we want from the other model, and that was the People's Choice Award.

**Roger Martin:** The People's Choice Award said, we will create buzz around who's going to win the prize, but the prize won't be an exclusive prize of an exclusive jury that will make the audience feel like, well, it's all about them. It's actually all about us. It made the festival more inclusive and got the one thing he wanted from the other model. Now TIFF is the most important film festival in the world. That's the third step. The fourth step is you got to try it, experiment with it to see if it works. That is indeed what they did. It's worked better and better every year.

**Roger Martin:** Now it's the most important film festival in the world. Maybe not the most famous, because Cannes been around for so long and famous for so long. Anybody in the industry says, Toronto is the most important film festival in the world. That's integrative thinking. Quite frankly, we've got no place in the world, it feels to me where we're presented all the time with things that are either/or. Look at US politics. You're either a Trumpian or a Biden guy, and we just take sides, and battle, and fire missiles at one another.

**Roger Martin:** It feels as though all of this siloization of education has made people think that I can apply some narrow perspective on this and it's the only perspective that is worthy. If somebody applies a different perspective to it and comes to a different point of view, it's because they're either stupid or evil. That's the explanation. Rather than saying, now that's interesting, what do they see that I don't see? Is there a way I could integrate some of what they see into what I see to come up with a better idea? We don't seem to be taught the curiosity about that. We're taught to evaluate.

**Roger Martin:** Is my idea better than his or her idea? Yes, no, if it is, then I should beat

them into submission. Or if it isn't, I should say, oh dear, they're right and I'm wrong. I feel all terrible about being wrong. There's just not enough curiosity about a better way.

**Shane Parrish:** Yeah, that's really interesting. One of the things that strikes me about that, I always ask myself when I see somebody doing something that I wouldn't do or strikes me as odd, I'm like, what would the world have to look like for that to be the option that I was engaging in?

**Roger Martin:** That's good. That's good. That's a variant of the question I asked in strategy, which is the most powerful question in strategy is, what would have to be true? Not what is true. What would have to be true for that to be a great idea? Because that gets you noodling around another logic, and it is possible that by taking pieces of another logic structure, you can come up with a better idea.

**Shane Parrish:** I want to come to strategy in a second. Just before we leave integrative thinking here, are there limitations to this idea? It sounds very novel to be faced with a hard choice, with tradeoffs and come up with an option that mixes this either/or thinking. Where do you see this falling apart? Where do you see it really under applied?

**Roger Martin:** Well, I've seen it under applied in the world in general, I guess, is my view. Lots of people just asked me about limitations and should you do this all the time and the like. I say, listen, if the choice is between lying on the beach or getting kicked in the groin, you don't need to use integrative thinking, I'll take lying on a beach. It's when you feel like, ugh, I hate the fact that I apparently have to choose here. You don't love either option, either choice. That's the time, that's when a little light should go off in your head and say, ah, ah, ah, stop, don't choose, because you don't like either.

**Roger Martin:** I use it all the time. I'm feeling all cheery these days about Tennis Canada. Because this Monday in the rankings, the men's rankings, in this case, we're doing well on the women's side too. In the men's ranking, Canada had three players in the top 20. Interesting fact is that this is the first time in Canadian history that we had the most players in the top 20. We were tied with Russia. Russia has got three, we've got three. US, Spain, all these other powerhouses have fewer. Before, 2005, when we put in place the Tennis Canada strategy that's resulted in this, we had zero in history.

**Roger Martin:** What was the magic solution that transformed us from a nothing country, literally a nothing country, that was irrelevant to a leading tennis nation where everybody says, how is it that they've got so many great players from a little country that got snow all the time. The answer is, we looked at the French system, which is more control-oriented system, and the US system, which is a Wild West kind of system and said, how can we rather than choose between them, come up with a better solution?

**Roger Martin:** You can apply integrative thinking to create incredible outcomes left, right, and center. I did at the Rotman School too. That was a product of integrative thinking choices. Maybe I have a hammer, so every darn thing looks like a nail, but I do eat the dog food. I apply this to all the tasks that I have. It's proven to be extremely valuable.

**Shane Parrish:** Interesting backstory. I hit on this as well. I went to business school in 2007. I almost dropped out, because I was just so disappointed. I come from a world of like Charlie Munger and like interdisciplinary thinking. I got to business school and it was like, this is ridiculous. None of these subjects are connected to each other.

**Roger Martin:** Oh, really? Good. Well, I'm glad you figured that out. Most people don't. They become indoctrinated into that notion. They come indoctrinated into the notion that my job as a business person is to figure out into what category this problem that I'm facing falls and then apply that tool. Ah, this is a finance problem, so I will apply the capital asset pricing model. Or this is an HR problem, so I'll apply theory X, theory Y. They're a tool matcher. That's why MBAs are viewed widely as these incredibly narrow-minded people.

**Shane Parrish:** That's so fascinating. I want to come back to that in a second. Have you seen a lot of changes in terms of the incoming students? Like with these girls that you went back to in grade 10 and you taught them integrative thinking, have they had tangible or quantifiable results that are different as a result?

**Roger Martin:** It's more anecdotal. Yeah, lots of them come back to us and tell us stories of what they've done and what they've been up to. Or they'll go back to their teachers and tell them. It is something I'm encouraging I think people to do, is start collecting more data to show the effectiveness of it. We have some great stories. There's one of our absolutely fave teachers, teaches grade three and four, and she was teaching grade three in a big school

that has a bunch of classes of each.

**Roger Martin:** The grade four teacher came up to her at lunch and said, “In the first week, let me name a bunch of names and you tell me whether they were in your section of grade three.” She goes A, B, C, D, E, F, G. Our teacher is like, “Well, how do you know that?” The grade four teacher just says, “They behave completely differently. They ask a different set of questions. They do this, this, this, this.” Then our teachers was like, “Hmm, that’s good.” She was 100% accurate without knowing. She was 100% accurate in identifying our teachers, our graduates. Then that teacher became a fanatic about it too because she said, they’re just better, they’re just better.

**Shane Parrish:** So good. We’re talking a little bit before we started recording about model matching in the MBA and how one of the problems that I have with the MBA is it was so siloed. They’re given these models, here’s a finance model, here’s a strategy model, here’s a decision making model. We don’t think of integrating those models. Can you riff on that a little bit in terms of how that impacts education and the role of models being maybe the best model we have at the time, but not the only model?

**Roger Martin:** The way I think about a business education is visualize, like one of those little red toolboxes and you carry it. You come in as a student with that empty, and you get a bunch of tools. You get a hammer, and you get pliers, and you get a screwdriver, and whatever put in your toolbox, and you’re taught to size up a problem and ask the question, is a hammer best for this? Or is pliers best for this? Is a screwdriver best for this? Is a wrench best for this? It’s this job of matching a bunch of narrow models to real world problems.

**Roger Martin:** That’s why MBAs unfortunately get criticized. We had an MBA here and he did this silly thing. The silly thing, if you analyze what way the person criticize what the MBA did, it typically falls into the category of the applied one narrow model to a broad question. I understand why they do it. That’s what they’re taught. That’s literally what they are taught. You can recall this from your own MBA, when you do a case study, that case has been written to illustrate a tool. The answer comes from applying a given tool.

**Roger Martin:** We are made to think, oh, these are just general business situations. No, they’re not. The writing of Harvard Business School cases has evolved to this art form,

which is to write a case that illustrates one narrow tool. That's what the business school world spits out, and it spits it out into a world that's organized that way.

**Shane Parrish:** I always found working with MBAs a bit difficult afterwards, because they want these packages very much like case studies. What you're reinforcing without unconsciously, I think, is that all the information in the package is all the information that you need to make this decision or all the information that's relevant and pertinent. That is so often in real life. It's not the case at all.

**Roger Martin:** We get absolutely what we educate for. There's no question in my mind. The same in economics. There are 1000 partial equilibrium economists for every single general equilibrium economist. We have economists who know everything about whatever, fiscal policy, but nothing about labor policy, or labor economics, or environmental policy, or the like. They do that. I'm not going to think about all those things, but I'm going to think about the thing that my model covers. It happens in medicine too.

**Roger Martin:** We had a wonderful lady who work with us on applying integrative thinking to the medical field, which has been very valuable and worked out well. She was talking about her residency and when she was a resident, her attending saying things like, "could you check on the liver in room 217?" It's not, check how Mrs. Smith who has got liver problems. It's literally, check the liver. She said it's down to that narrowness. We're not even going to talk about the person, we're going to talk about one organ in the body. We're teaching from the word go, not to think holistically, to think as narrowly as possible.

**Shane Parrish:** It causes blindness, right? We miss obvious things, because we're just looking for something to fit this model. Then we want to apply this model that we know. I had a computer science degree and then went into the corporate world. Then you start managing people, and all of a sudden, most of my computer science degree is irrelevant. Computers do what they're told to do. If there's a mistake, it's always with you. People are biological systems, they're much different. I found a lot of the education that I had learned just didn't apply anymore. The way that I tended to approach problems was very based on this comfort level with this is how I was taught to approach problems in school, and this is my experience and then you carry that with you.

**Roger Martin:** Absolutely. It's a very interesting thing on people, and a huge difference. Our MBAs at the Rotman School have about four, four-and-a-half years of work experience. Our executive MBAs have about 14 or 15 years of work experience. The MBAs take, on average, less than one second year course in the entire OBHRM field. They just don't think that stuff is important at all. They load up on finance and strategy courses more so than any other courses.

**Roger Martin:** The EMBA's have an insatiable desire for OBHR courses, because they have the learning that you had when you got into the real world. They've been working in the real world for 15 years, and they realize that everything is a people issue. I don't think we do a good enough job in business school and helping these students understand that taking courses in that field, understanding more about the people dynamics is important. Those courses, as you well know, from having taken it are less replete with very formal models where you can calculate something.

**Roger Martin:** In finance, you can calculate yield curves, or Sharpe ratios, or whatever. You can do a Five Forces analysis or a Nash equilibrium in your strategy course. They feel more comfortable learning a model because they wish the world would behave according to models, like that quantitative mechanical model. They're more comfortable with that.

**Shane Parrish:** We do that in the workplace too. I noticed this with policies and procedures. Procedures are basically like an algorithm that you apply given a certain situation, certain inputs. What I discovered is that it just eliminated thinking. Because people would go, oh, there's no procedure for the slight deviation from what would happen, and I can't respond. At first, you can, but you lose that ability over time to actually apply judgment. Well, maybe I shouldn't apply this procedure in this particular case, and I have to do something different. That's where this teaching thinking and teaching judgment comes in. I find that when we get into organizations, we actually reinforce this modeled siloed predictable way of solving problems.

**Roger Martin:** Absolutely. If we want to go on this vector, it gets even worse than what you've described.

**Shane Parrish:** Go on.

**Roger Martin:** Which is we dramatically vastly overuse science. What you were taught in business school, and you tell me if I'm wrong on this, is that a good businessman or woman, businessman, in your case, if you're going to be a good businessman, Shane, you will make decisions based on analysis. You'll do the analysis and make a decision. You're some kind of a corporate floozy if you're just going to making decisions without the analysis behind it. You can ask the question, where does analysis come from? The answer is from Aristotle, 2400 years ago, 4th century B.C.

**Roger Martin:** Aristotle essentially created science. The book is called *Analytic A Posteriori*, where he was the first man in the world to say, here's how you can determine, and the terms he use, here's how you can have a rigorous methodology for determining the cause of a given effect. Alright, you experiment, experiment, watch, watch, collect data, and you can say, aha, this causes that. All of the future of science is based on Aristotle's understanding. We think that science came from the scientific revolution, Bacon, Newton, Descartes, Galileo.

**Roger Martin:** They formalized what Aristotle did 2000 years before them. The guy who invented science though, pointed out something about science. He said, science, this methodology I've used is for the part of the world where things cannot be other than they are. What does he mean by that? Well, if I let go of this pen, what will happen? It'll fall.

**Shane Parrish:** It's going to fall, yeah.

**Roger Martin:** If I let go of this pen 10 years from now, what's going to happen? It's going to fall. If I let go of this pen in Antarctica, it's going to fall. That's the part of the world where things cannot be other than they are. There, it makes a whole lot of sense. If I observe all pen falls that have ever happened in the past, what is it a pretty damn good predictor of?

**Shane Parrish:** The future.

**Roger Martin:** Pen falls in the future. That's the part of the world where things cannot be other than they are. He said, that's what you need to use a scientific reasoning method to be rigorous about understanding. Because at one point, we thought it fell because all objects like to be closer to Mother Earth. Eventually, we figured out that, no, there's a universal force called gravity that pushes everything down. That's the development of scientific knowledge. The guy who invented science warned, do not use the scientific method. Why

would he say that?

**Roger Martin:** In the part of the world where things cannot be other than they are? Science. Analyze data, collect as much data, analyze it rigorously to determine causes of effects. There's another part of the world, imagine possibilities and choose the one for which the most compelling argument could be made. He said, the job of human beings in that former world is to understand the causes of the effects that we see so that we can optimize the world to that. We observe all these people who smoke getting lung cancer, so we can optimize against that by trying to stop people from smoking.

**Roger Martin:** He said in the other part of the world, human beings job is to be the cause of the effect they want to see, to change the world in a better way by imagining possibilities and making those new things come true. What we've done is said that is for bad floozy type people, the good ones are the ones who always apply science.

**Shane Parrish:** I like that, the way of thinking in terms of how you're explaining it. We are taught these models, we apply them as if they predict the future, but the reality is we're in a constantly evolving and changing environment. Our ability to predict the future is more limited than we think it actually is. If we are able to predict the future, we would have seen Covid coming, we would have seen a whole bunch of things coming. That relates to your latest book about how we predict this, almost think of it as this beam of light, we predict this beam of light into the future as if that's the only possible future.

**Shane Parrish:** Then we optimize for that particular future. We take away margins of safety in the supply chain. I think of it as we take margins of safety and we turn them into money, which is what business school in a way has traditionally taught us to do. Just in time inventory is better, because you have less inventory on the balance sheet, all these buffers and the slack that we developed. These buffers and the slack allow us to position for multiple possible futures. They allow us to easily pivot when the world doesn't work the way that we think it was.

**Shane Parrish:** The problem I see with this and the pushback that I give myself when I think like this is that, in the moment, being inefficient and positioning for multiple possible futures is always suboptimal to somebody who's hyperefficient for this one particular feature.

In the short run, we're always looking like we're behind, but in the long run, we always win. Then we have to deal with this timeline difference if you're the CEO of a company, what's your average tenure? It's a couple years. You have to get in, do your thing, and get out. You're not thinking about it from a long term point of view. I'd love to hear your riff on this.

**Roger Martin:** Well, I can't do much better riff than you. I think your diagnosis is bang on. This is why I think a great CEO, and I've talked a lot, you probably know Paul Polman, he's a friend of mine. He's always nice enough to say that I taught him this strategy when he used to be at Procter & Gamble. We talk about is that the part of the CEO's job is to create enough of that discretion, so that they can do those things that they know are going to be in the interests long term, like in your case, building up some slack for the bad times.

**Roger Martin:** Because if they don't build that up, they will be forced into the 100% efficiency now, and that'll kill them sometime in the future. Now it may not kill them during the time their CEO, but they won't have shown great stewardship for their organization. I think you're right, and it's one of the challenges of the modern capital markets. The modern capital markets say, give me, give me, give me. If you're not using the money, buybacks, shares, or dividend back to me, level yourself up so you have a more efficient capital structure.

**Roger Martin:** All of those things are taking away that optimal amount of slack that the CEO has to make decisions that are good for the company for the long term to invest in things for the future. That's one of the reasons why I think that America had a huge advantage over the rest of the world for probably 30, 40, 50 years, somewhere between 1930 and 1980, where it had the best capital markets in the world for helping companies grow and prosper. I think in 2020, now, America has got a capital market that is a detriment to American competitiveness. Because it is causing companies to behave in ways that aren't good for the company, its employees, America overall.

**Shane Parrish:** Double click on that, go deeper. Talk to me about that.

**Roger Martin:** Well, I think what we're what we're getting is this taking away as of managerial slack, driving managers as much as they can to managing for the short term for this quarter. Now you have CEOs who stand against that, but the pressure is in that

direction. It's dramatic pressure. It's causing all these bad things. There are studies that say 40% of CFOs freely admit that they will not make an investment that they know as NPV positive in order to make this quarter's guidance. All of that stuff is causing companies to perform less well than they could. That's a capital market problem.

**Roger Martin:** That's why I think we're going to look back, in 2050, we're going to look back on this period, 1935-40-ish to, say, 2025 or 2030, as this insane period where we thought the widely held publicly traded corporation was the optimal form. We're going to look back and say, what were we idiots thinking? That's crazy. It didn't work. It created all the wrong incentives. We're going to be into a world of more controlled companies.

**Shane Parrish:** Yeah. Doesn't this create like an arbitrage or almost competitive advantage for private companies or companies that are largely owned by one shareholder? When I look back and I look at Berkshire Hathaway's track record, one of the things I ascribe that to is that Buffett and Munger controlled about 40% of the shares until recently, so they could sit on cash and not do anything, and not worry about an activist investor on what they were really doing I think, personally, is their positioning for multiple possible futures, because they don't know what to do.

**Shane Parrish:** They have no degree of certainty in what the future looks like tomorrow. We're just going to sit here and position for all of these possible futures. The same thing they did in March, when people were like, why didn't you deploy all this money into the stock market? Well, that's easy to say looking back with hindsight of what the stock market has done since then. At the time, it's like, well, cash may become the most valuable thing in the world, so we're going to sit on it and position for multiple possible outcomes. It's always suboptimal.

**Shane Parrish:** You need this control, which comes from a private company often or family controlled. Or you could even probably get away with it with a super charismatic CEO. These companies will actually, given what you're saying, if that's correct, they'll have more of an advantage over the next 30 years, because they'll be able to build up the balance sheet because they have extra inventory. They can take advantage of sort of call it the professionalization of management in terms of model thinking, which is eliminating slack, eliminating and preparing for this next quarter and being hyperefficient on this next

quarter.

**Roger Martin:** I couldn't agree more. I've actually got an article on this subject coming out in the January, February HBR on what I think is we're approaching the tail end of the domination of the widely held publicly traded corporation as the corporate model. It's just got too many problems that are arguably getting worse, not better.

**Roger Martin:** One of these things is, there are so many things in life where it's like, how on earth did the logic structure hold for so long? The view of a board of a widely held publicly traded professionally managed company is that we need to have the board, and Mike Jensen, as I'm sure you know, wrote about this with agency, the agency theory, that managers are imperfect agents. They have self-control problems. They are not necessarily going to manage on behalf of the shareholders. We have to discipline them to make sure that the agency costs are not too high. What's our tool?

**Roger Martin:** Well, they report to a board of directors who represents shareholders and they can discipline them. Now, did anybody asked the question, what exactly are those board members? Would they not be agents just like management? What you're saying is that our solution to the agency problem is to put a fox in charge of the henhouse. That's our solution. Yeah, yeah, yeah, that'll really work. Well, it's like, where on earth did this logic come from? They're either is an agency problem, in which case, we have put foxes in charge of the henhouse.

**Roger Martin:** Or there isn't an agency problem, in which case, we shouldn't be bothering with any of this crap. The idea that a board will discipline management is just an absolute fantasy. That's a core element of the logical structure that guides the workings of the capital markets, the equity markets, and the widely held publicly traded companies.

**Shane Parrish:** It's just theater.

**Roger Martin:** It is theater. Oh my God.

**Shane Parrish:** But it gives us comfort because we're like, oh, the boards watching out for us. Yeah, I totally agree with you.

**Roger Martin:** Yeah. I think of boards of directors as being like fire insurance that works,

except when there's a fire.

**Shane Parrish:** I think they can work though. I think what I love to see on boards is it's not necessarily a large ownership of the company, but a high percentage of the person's net worth involved, like really invested people. They don't meet all these requirements that we're starting to see in terms of like the ideal board according to the stock exchange, and the ideal board according to sort of if you're a person who might think and apply a little bit of judgment to it are often two very different things.

**Roger Martin:** I agree. I honestly think that a good versus bad board members, the key criteria are psychographic ones.

**Shane Parrish:** Expand on that.

**Roger Martin:** Well, they're attitudinal. What does the person think of his or her role in life? It's things like that, not are they a sitting CEO or were they a CEO? Or do they have financial expertise or whatever? It's how do they behave? How do they think about their job? I've written about this too. I think the only useful reason for wanting to be on a board is that you think a well-functioning board is integral to the success of democratic capitalism. Now how many people think that that's the reason for being on a board? Not many.

**Roger Martin:** Most of the reasons for wanting to be on a board are bad for the effectiveness of the board. One reason for being on the board is it's a good pay. Well, if you think it's good pay, then you will not do anything to sacrifice good pay. Being on a board is prestigious. Well, you're not going to do anything that'll sacrifice the prestige. It's a good camaraderie with other interesting people. Well, you're not going to do anything that sacrifices camaraderie. They're all bad reasons for being on a board.

**Roger Martin:** Again, one of my theories in life is, if you're putting something together, you have to think of what is it that would cause a person of the sort you need to fill the chair that you have designated. I talked about this in terms of bond rating. We said in the global financial crisis, what on earth were these bond raters doing rating things triple A that's like infinitesimal probability of default. They were defaulting 100%. How can this possibly be? Well, you've got to ask the question, what would cause somebody to willingly sit in a chair called bond rater at Moody's or SMP?

**Roger Martin:** I think the only reason they would be in that chair is that they're not particularly good at reading bonds. Because if they had a skill set that made them good at reading bonds, what chair would they be sitting?

**Shane Parrish:** It'd be trading bonds.

**Roger Martin:** They'd be either sitting in a chair at Goldman, or Morgan Stanley, or Apollo, or their own bond fund. The only people who would think of being at Moody's or S&P rating bonds, the only people who will do that are definitively less good at rating bonds than the people who are running the bond market. Sure enough, they came up wanting. That's this fallacy of we identify jobs for people, create that chair, and then don't think about whether it is possible to get somebody to sit in that chair that can actually do the job that we need them to do. Think about stockbrokers.

**Roger Martin:** There's only one thing you can know absolutely positively, without a shadow of a doubt about a stockbroker. The only thing that's for sure, you don't know if they're male or female, young or old. What you know is that they are crummy at picking stocks.

**Shane Parrish:** Because if they were good, they wouldn't be a stockbroker.

**Roger Martin:** They would be a hedge fund.

**Shane Parrish:** Yeah. This is why I like to see boards with significant personal ownership as a material amount of their wealth, because I think maybe it just gives me another narrative for why they're on the board. I think it also gives them a lot of investment in terms of the success or failure of the business. It takes us away from the short term planning cycle of thinking about it in quarter by quarter basis and start thinking in like decades, and what you have to do and the investments you have to make to make this company, not only sustainable, but position it for multiple possible futures as things change.

**Roger Martin:** Yeah, yeah. I'll give you an example from my own life. I was on the Thomson Reuters, Thomson and then Thomson Reuters, a board for 14 years. A guy I love who is on for all the time I was on was Vance Opperman. The Opperman family owned West, their legal publishing company, the best business, and Thomson is just a gorgeous business.

**Shane Parrish:** Yeah, what a moat that has.

**Roger Martin:** Yes, a gorgeous business. Vance, A, was in it for the long haul. Last time I checked, he's still on the board. I've been off the board for like six or seven years. He'd been on the board for 20 or 25 years by now. I don't know how much the Opperman family has in Thomson stock, but I think it's still quite a bit from the original transaction. He takes his job deadly seriously and thinks about the long haul, and he's an awesome director. He is probably one of the best directors I've witnessed in action. I agree, skin in the game is a good thing to be sure. They must own stock that's three times annual board fees. For those people, unfortunately, that's trivial. That's trivial, that your desired outcome happens unfortunately, and only a small amount of the time.

**Shane Parrish:** Totally agree. You study, you've worked with, you've read a lot about leadership, are there common patterns to success that you've seen across leaders other than integrative thinking?

**Roger Martin:** They tend to relate to integrative thinking. I think great leaders are as a core characteristic when somebody says something to them that doesn't agree with where their head is now, the model that ... Because we model everything and we'd say, I'm running this company and I think this is the best product that we offer. Somebody comes up to you and says, Roger, that is going south. That sucks. I don't know why we're investing so much in that. A great leader's first reaction is, hmm, say more. Tell me more.

**Shane Parrish:** I want to understand why you think that, what you see that I don't see.

**Roger Martin:** Yeah, yeah. Because it has this super big knock-on effect. One, it causes your subordinates to all think that if you've got an interesting thought, I'm open to hearing it. I'm not going to just shut that down because it disagrees with me. Everybody is more inclined to think about things and think about things differently, and not be afraid of that. You just get more raw materials. Because what we've learned in integrative thinking is, if we go back to that TIFF example, unpacking how the inclusive festival works and unpacking how the exclusive festival works, all that unpacking gives raw materials, which you can recombine in entirely new ways.

**Shane Parrish:** In associative ways, right?

**Roger Martin:** Yeah, exactly. When I say this is our best product and we are going to

win on the basis of this, that's only a set of raw materials that relate to that theory. If I can incorporate in a whole another huge pile of raw materials, there's just another pile of raw materials, I have access to them, then I have a chance of coming up with a much better, much more powerful solution. The person might be wrong, that this is not a terrible product. Actually, there's a weakness in this product that by using that person's thinking we can get rid of.

**Roger Martin:** We ended up going with the product anyway, but in a different way than before. That, to me, is key. I think another thing that is key is, and this may sound a little funny, but you could say it's contrast with my view of possibilities. The other thing is that they are deterministic. The great leaders are able to say, if this happens, and then this, and then this were screwed, or if this happens, this happens, we'll be in the kingpins seat. The less good leaders just say, well, we're just going to bob and weave our way down in the field and see what happens.

**Roger Martin:** They're not deterministic enough. I think stronger leaders are willing to have a hypothesis about how they think things are going to play out, then be open to seeing changes in that. That gives them the boldness to make decisions, because you have to commit assets irrevocably to decisions to be great as a company. You can't just say, well, we'll do a little bit of this, a little bit of that, and we'll shift and change. You have to say at a certain point in time, this is worth investing in.

**Roger Martin:** We won't be able to get the money back, because it'll be invested in a building, or invested in a piece of software, or invested in these people. They are willing to make those choices, because they say, unless we do that, we're not going to get to this place. I guess the last one is I just don't know any what I think of is great, great leaders who don't love other people. If you think people are annoying, and you have to put up with them, and put up with their foibles, rather than you genuinely love them, then I think you can only be so good of a leader.

**Shane Parrish:** I want to come back to taking bold action here. I think fear often prevents us from taking bold action and may do a little of something outside of the ordinary, but not too much. Because if we fail and we do something that's far deviant from the norm, we're moving out of this Gaussian distribution and we're going to the fat tails. We've been

taught that we don't want to be in those fat tails unless we're extremely successful. This way, if we're wrong, we're not too wrong. One of the reasons I think that we'd like to keep within this narrow, maybe call it one standard deviation band, is fear. I'm curious as to your view about how we develop courage in the face of fear, and the role of narratives, and the story we tell ourselves and our employees.

**Roger Martin:** Yeah. You're absolutely right. I've just written a post on this or the first about three-part post on fear, I call it fear rules because fear rules us and there are rules for managing fear. It does come to telling ourselves stories. We create fear or make fear go away, depending on what story we tell our self. My observation is that people understand this and understand the debilitating aspect of fear. That's why I argue that in Hollywood, the number one box office star of every era of movies played one character, and that is somebody who faced fear and didn't act fearfully.

**Shane Parrish:** Charismatic, unblinking, well-dressed James Bond-esque.

**Roger Martin:** James Bond, yes, or Tony Stark, or Arnold Schwarzenegger, or Humphrey Bogart. They all play the same character, which is hahaha, I can wisecrack my way through this. It resonates so deeply with people because it's a fight. If only I could do that in the face of fear, I would be so successful and instead I am ruled by my fear. I think most fear, we create ourselves. We produce it ourselves as a reaction. Trying to tell yourself a story of how you can deal with that is important. People think of me as having been a successful Dean at the Rotman School, bless them. There's some things they don't know.

**Shane Parrish:** Like what?

**Roger Martin:** Well, we created a completely different economic model that enabled the school to go from having a budget of 13 million in the last year before I got there to 130 million in the last year I was Dean. We needed a new economic model, because the University of Toronto economic models were nuts. You couldn't plan for the future. I went to Rob Pritchard, the president who hired me, and Adel Sedra, the provost who hired me, and said after about three or four months, you hired me to make this a great school, we can't with the current model.

**Roger Martin:** The current model was, every year, the Provost decides how much revenue

you have. It's not things you can do that build revenue. It's like they allocate you. I said, we just can't do that. Here's what I'm going to do, I'm going to double the size of the program, quadruple tuition, quintuple the endowment, quintuple executive education, and get this much money to spend, and we can have a great business school. In the current economic model, that money won't flow to the business school, so we can't plan for it. I said, I'd be happy to pay you a tax.

**Roger Martin:** Right now, our tax is about \$2 or \$3 million a year of 13 million. Under this plan, you can have a \$40 million tax, but we need a different system. They both said, "Okay, okay, okay. We'll work on that." Then I said, "In the meantime, can I spend the way I was planning to spend?" They said, "Yes," but this was just verbally. I thought they were going to work this through the governance process maybe in six or nine months. It took four years. In those four years, because we had to go into massive deficit, \$14 million accumulated deficit, which we then came out of completely, the whole plan of paying it back so that we were a plus.

**Roger Martin:** For each of those days, nights, for four years, I had to go to bed with the recognition that if Adel Sedra, the provost, lost faith in his ability to get this different system through governance, through governing council and on all those people, and said, Roger is running an unauthorized \$14 million deficit, my career in Canada would have been over. I would have been fired. I would have been on the front pages of the Globe and Mail as having illicitly spent \$14 million. I would have probably had to leave the country and go back to the States where I had been living.

**Roger Martin:** Not only that, I couldn't tell a soul this. Because if I told anybody that and they started to act that way, it would encourage Adel to believe that I believe that he might not actually do it. I had lived for four years with the sword of Damocles, literally, I literally went to bed and the sword of Damocles was above my head. I told myself a story, which is just, Roger, are you doing the right thing or the wrong thing? Is this good for the school, good for Canada, good for University of Toronto, or not? Yes. Did you actually ask for permission and they gave it to you verbally? Yes.

**Roger Martin:** Could you go back to the States, go back to your old job and pick the pieces up? Maybe you could never come back to Canada again, because you'd be such an

embarrassment? How bad is that? I said, yeah, it's worth it. This won't kill me. It's worth it.

**Shane Parrish:** That narrative is what gave you the power to maintain the course.

**Roger Martin:** Yeah, yeah, but I could have told myself the story, you will be crushed. You're a Canadian, you're an Ontarian. This is your home. You would be embarrassed thoroughly. Your family would be embarrassed, everybody would be embarrassed. I could have focused on that. I would have probably caved and gone back to Adel and Rob and say, we got to work our way out of this. We'll change directions and I'll stop spending, and the Rotman School wouldn't be the Rotman School that it is today.

**Shane Parrish:** Well, luckily, it all worked out. Had it not worked out, I'm curious to see if he would have thrown you under the bus. Or I guess only you would know that and him..

**Roger Martin:** Yes. I got to say, Adel, who then went on to be president of University of Waterloo, is a great man and he didn't. Like I had my faith properly placed. He followed through and it was hard. He got a lot of pushback. Are you doing a special deal? The thing that makes me happiest is then David Naylor, when he became president of University of Toronto, he applied the Rotman system to the whole university. There's a better system for being able to plan for the long term. Yeah, I wanted to make sure Adel stood 100% by me.

**Shane Parrish:** Coming back to the leaders that you've worked with, we talked about common patterns of success, are there common patterns of failure or self-sabotage that you see repeated over and over again in otherwise smart and decent people?

**Roger Martin:** A lot of it has to do with this not having a deterministic enough view. The failure mode, I see probably more than anything else, is somebody what I think of as not strategic, which is that they believe that they need to always keep all their options open, not make big choices, and see what evolves, and then just react to what evolves. That's probably failure mode number one, if that's connected too. I don't really like people. That's a sure thing. That's a certain disaster. It's the three things I talked about. If they're just not curious, if somebody comes to them with disconfirming data, they want to suppress it rather than absorb it and mine it for everything they can get. Interesting enough, those two things tend to be linked like it is a big system, which is you tend to like people if people are this repository of stuff you can't see.

**Shane Parrish:** Yeah. You're constantly learning. Yeah, you're very curious.

**Roger Martin:** Then they're good. If instead, they're a threat. Then you just wish you didn't have these annoying people around who keep on threatening your prevailing point of view and the one you preferred, just keep and not be messed with by anybody. Those two things, I think, end up being linked. They're probably, I haven't thought about this. You raised a good question. Gets me thinking, is probably it is linked to the nondeterministic too.

**Roger Martin:** If your model is impoverished because you aren't absorbing, building in other things, the chances are it'll be harder for you to come up with things that you can be confident and to say, you know what, I think it is time to invest here, go here. Let's bet on this. Probably all those three things are either deficient together, or they're together and self-reinforcing.

**Shane Parrish:** You mentioned strategy, what is strategy? What's the difference between a good strategy and a bad strategy?

**Roger Martin:** Well, I think about strategy is a set of choices that enables you to invest in a given place to win, whether that's geography, or business, or whatever. It's that set of choices. What do I mean by winning? In the field of play that you choose, you have a better value proposition for the customers in that space than anybody else. A good strategy is one that has a logic that holds up to that, that when you put it into action, you do get a better position where you've chosen to play than any competitor.

**Shane Parrish:** And a bad strategy is one where you're chasing multiple things, you don't understand your flywheel of success like dive into that.

**Roger Martin:** It can be any of those things. One bad strategy is a little bit of everything. We're going to do a little bit of here, a little bit of there. Another crummy strategy would be one where the economics don't enable you to continue it. You can start on it, but it's not a remunerative enough model for you to be able to continue to invest behind it. It weathers away. Another bad strategy is just trying to do the same as everybody else and assume that you're going to win anyway. That's the great managerial concede. We don't have to do anything unique or different. We will have unique success.

**Shane Parrish:** I love that. I often think of this quote from a friend of mine, which is, “If you do the same thing as everybody else, you’re going to get the same results as everybody else.” You have to deviate if you want to deviate results, but you need to create an advantageous divergence. You have to not only diverge from what everybody else is doing, but you have to be correct. That’s extremely difficult. When you have it, you need to go all in and run with it. A lot of companies today seem like they have a bit of innovation ambition. They want to be the one to create the iPhone or go zero to one and just create new markets like Facebook or Google. There’s billions and billions of dollars being thrown at these problems in R&D and hiring. The results don’t seem to be super effective. Do you have any thoughts on why?

**Roger Martin:** It gets back to what we talked about earlier, Shane, about science. Charles Sanders Peirce, who’s one of the great American pragmatist philosophers with John Dewey, that era, and William James, pointed out that no new idea in the history of the world has been proven in advance analytically. Just think about that for a second. No new idea in the history of the world has been proven in advance analytically. Why? It’s linked to what Aristotle said, you can’t prove something new and different that hasn’t happened yet analytically. Most innovation processes in the world of big companies insist on proof before doing something. This whole notion of like Fintech and all this disruption by little technology firms is all self-induced.

**Shane Parrish:** That comes back to the models that were taught. If you want in school and the way we look at the world, you come to somebody in an established business, and you say, I need to spend \$20 million to prove this idea. 50% of the time, that’s not going to work. You say, no, well, there’s no proof that it’s going to work because it doesn’t fit these models. Then they go and start a startup and you end up acquiring them for like \$2 billion five years down the road. You’re only seeing the successful results and you’re not willing to tolerate the failure internally.

**Roger Martin:** Exactly. Yeah, and in some sense, there’s an infinite number of enemy that just keeps pouring over your moat and a bunch of them drown in the moat and whatever, but it only takes one to get across. That’s the problem. If you have an internal system that sets up that we won’t do anything unless there’s proof, then you won’t do any of those

things. There will be an infinite number of these startups. It's interesting. James Marsh is one of the greatest management ...

**Shane Parrish:** Love that guy.

**Roger Martin:** ... thinkers, yeah. He wrote about the importance of delusion. Because he said, the economy is underpinned by delusion, and that we do know that 9 out of 10 startups expire with 100% of the resources wasted. If anybody thought those were the odds that they personally were facing, they wouldn't do it. Everybody is diluted, self-diluted, into thinking they're going to be the one, not the nine. Because of that, 10 people do try, and the economy gets the one success, but it's only because there's massive amounts of delusion.

**Roger Martin:** It is one of the cool things about the economy, is all these diluted people who think they're going to be the one keep trying. Sure enough, that spits out enough successes to change and transform the economy. I think the big companies sit there with their hands tied behind their back and say, we don't allow delusional people here.

**Shane Parrish:** We actually actively try to eliminate them through the hiring process, through the promotion process, through everything.

**Roger Martin:** Absolutely.

**Shane Parrish:** I call that, it's interesting, I think of that as the Stormtrooper problem. We saw this at the intelligence agencies where I used to work in. Because post Bradley Manning and post Edward Snowden, what they really tightened up was the hiring process.

**Roger Martin:** Really?

**Shane Parrish:** Well, to get into the agencies and to get a clearance, increasingly there's this narrow background you could have. You couldn't have gotten in much trouble. You generally went to a great school, get good grades, you didn't stand out in any crazy way.

**Roger Martin:** Interesting.

**Shane Parrish:** They view this as the way to reduce security risk. It might, in fact, be. The problem is, you get these people into an organization, a large organization, then you give them a checklist for promotions. You need to do these 10 things, and then you'll get

promoted. Then all of a sudden, they wake up at 30 and they're given a problem that you can't Google, that there's no procedure for that hasn't existed in the world before, and you're told to solve it. The problem isn't any one particular person, it's the collective.

**Shane Parrish:** Because now what happens is the collective group of people in the room look at that problem through very narrow lenses, and you're not getting what I used to call the misfits, or the deviants, or the people that aren't necessarily a security risk, but might have more of a checkered past because they got in trouble, or they did something wrong when they were in high school. Once you eliminate those people, you can't creatively problem solve, and then you have to buy your problems. I think we're witnessing that actually play out with intelligence agencies, the ones ...

**Roger Martin:** Ah, that is so fascinating. That's fascinating. I had no idea. I agree. I agree entirely with your hypothesis.

**Shane Parrish:** The way that I think you can see indicators of this being a correct view if it is correct or maybe that it's wrong, but the labor component is going up in intelligence agencies. Because you're requiring more and more people to solve a very similarly ... These are scalable problems. These aren't often one-off problems. Then the contracting budget, I bet you, is getting much higher to outsourcing, to the misfits, to the people that are solving the problems. Those would be interesting indicators that that is actually playing out.

**Roger Martin:** That's fascinating. It's just such a good example too of it is a complex adaptive system and you think you can pull a lever.

**Shane Parrish:** And just not affect anything else.

**Roger Martin:** Yeah, yeah. Somehow everything else is going to be exactly what you want. No, you've got to think these things through. Now some of them you can't think through, and you just have to accept the fact that different things are going to happen than we think and then be alert to those.

**Shane Parrish:** Well, often, they know what they're doing is probably not going to have the results they want. It's like doing what's defensible versus doing what's right. Especially in politics, you end up doing what's defensible versus what you know is right. Because you're

never going to fail if you do what's defensible.

**Roger Martin:** Yup. You don't get fired for buying IBM. That's a big universal thing. Again, that comes back to fear. If you are motivated by fear of being fired, then that's going to happen. I remember interviewing A.G. Lafley, the famous CEO of Procter. I interviewed him for my work on integrative thinking. I remember one of the things that really propelled his career, because it was such a big success, was going from big fluffy detergent, Tide would be in a box, fluffy detergent to compact detergent, which he saw happening in Japan and said, "Hmm, we wouldn't want them coming here with that innovation."

**Roger Martin:** He led an effort to study whether to introduce it in the US. He introduced it despite the fact that the data didn't support it, but the verbatims did. The qualitative stuff was supportive enough. He described the spending of ... He got \$250 million to do the first thing. I'll always remember him describing it as a fireable offense. He knew that if this didn't work, he was done. Because it was a straight up fireable offense, it wasn't a two to one blind winner. He wanted to do it anyway. It turned out this was monumentally successful.

**Roger Martin:** It actually destroyed Unilever's US position so much that they exited. It was so monumentally successful that propelled him. He described it, whatever it was, 20 years later, as a fireable offense. He would not have objected to being fired. He wasn't so overwhelmed by the fear of being fired, that that would have stopped him from doing it.

**Shane Parrish:** I love that advantageous divergence. Let's talk a little bit about decision making. What's the most valuable thing that you've learned about decision making that's hard to transfer to other people?

**Roger Martin:** I guess I think it is patience, giving yourself the time to roll ideas around as long as they need to be rolled around and not feel the premature need for closure. When I'm making a decision, I'm imagining a variety of possibilities and not stopping until I have a good divergent set of them, then asking about each one of them what would have to be true for that to be a good idea. Then seeing each element of the things that would have to be true, how likely do I think they are true now? If they're not true, how could I maybe make them true?

**Roger Martin:** That's part of the world where things can be other than they are. All those things tend to slow it down. It's not as though I want to have a whole lot of process. Because you can do it, it doesn't have to have many days elapsed. I think people often have this real desire for closure fast, and I don't. Though often, I surprise people. I say, "If I couldn't think anymore, I would do this." They're like, "Oh my God, Roger, you've jumped to that conclusion." I said, "Sometimes you have to." It was either decide now or I shoot you in the head, you decide. Then I'm still open.

**Roger Martin:** Tell me what about that is problematic and let's think about it some more. I guess that's it. I've learned, I guess. This is a very good question, because I hadn't thought about this. I would say that I've taught myself a process of thinking that slows me down enough for me to absorb greater variety and greater logical pieces. I think of little logical subroutines, a big decision is stacking together a bunch of logical little subroutines, and I have a process for giving myself time to play around with those. Oh, I could put this one here, and this one there.

**Roger Martin:** That helps me come up with what people often think of as the things I do as, wow, how do you ever come up with that creative solution, Roger? Well, I slowed down, is I think the answer. I think I have a decent track record of teaching. If anybody wants to learn it, I can teach people to do that.

**Shane Parrish:** How do you teach them? How would you teach me?

**Roger Martin:** I would just work with you. I think practice is absolutely the best, that's what I've gone to with the companies that I work with. I just say, "Shane, what choice do you think you're facing?" You say, "Oh, I really need to decide whether we're going to invest in this thing or that thing." I say, "Good, okay." Then I would just work you through a process the way I would do it, and you would learn by doing. Now I'd explained to you why. Why are we doing this? You'd say, "No, Roger, it's either this or this." I'd say, "No, it's not. That's not enough variety. I want variety."

**Roger Martin:** If you can't come up with variety, that's no problem. Go ask 10 people in the organization, and don't stop until you can come back with at least 5, 6, 7, that includes your two, but I want another 3 to 5." I'd explain to you why. I'd say, "You don't have enough

raw materials. I don't like either of your choices. The reason you haven't made the choice now is because neither of them are that good. If one of them was awesome, you'd have already made the choice, you wouldn't be asking me. Shane, we need more raw materials. Go get them."

**Roger Martin:** Then when you come back, I teach you how to play with the raw materials to make a better choice. Then hopefully, you would the next time, without me, involved in the room. You would have slowed yourself down in a similar way, not thought those are the only two to go for raw materials to ask these what if, what would have to be true type questions.

**Shane Parrish:** I have a friend, Randall Stutman, who gave me vocabulary around how I use perched decisions on. I never had vocabulary around it. He basically said, "You decide as soon as possible or as late as possible, but never in between." I was always known for deciding at the last moment, because I wanted to keep all my options open. If I didn't have to decide, why would I force a decision? I can get more input, I can get more insight into the problem, I can see how the environments changing and playing out.

**Shane Parrish:** I think that plays to the patience answer that you gave, which I think is really an insightful response. Because so many people just get stuck in the middle, they don't make the decision right away. They'll make it in the middle, because they just want to get this Damocles out of their head, or they want to stop thinking about it. It's then when you make these really bad decisions I think, because you've made a premature decision, so you're missing all the input or you're clouding all the input that would come afterwards. You're only doing it to get rid of it.

**Shane Parrish:** You're not doing it because you need to make the decision at all, you're just doing it because you don't want to have to think about it again. There's also ways that you can do in your mind where you just put it down and suppress it. You're constantly gathering new information about like, am I right? Will this prove me right? Where's the disconfirming evidence that my hypotheses on this is going to be wrong? You can see the world through your actions too.

**Shane Parrish:** It also allows you to make a decision possibly, but not communicate it,

which is you saying, I know what I would do if I had to decide right now. Then you can see the world through those eyes, had you made that decision, which allows you feedback as well in terms of what that looks like. I think that that's a really interesting way to frame it.

**Roger Martin:** Yeah. I hadn't really thought of it that way. That's good insight. In some sense, when you force yourself to say, this is what I would do if I had to choose now, that's the moral equivalent of putting a prototype out into the market. I hadn't thought of it that way. Because then you can say, oh, this happened, that would have made mine a clever decision that happened, oops, that wouldn't have been so clever. It's like a prototype.

**Shane Parrish:** When you do that, all the information you receive at that point, you interpret through you having already made that decision, which allows you to see the world in this. You can take a step through this door and say, what does this look like?

**Roger Martin:** That's so powerful. Because again, people talk about data as if data is this very kind of ... I don't know what, intrinsic thing. It's not. Data is only data. It floats straight by your head if you're not looking for it. What I interpret you saying in part is, you will actually create data out of nothingness. Stuff you would not have paid attention to and wouldn't have collected as data, you now collect as data because your choice, your proto choice, makes that phenomenon relevant data, and you collect it, and then have the ability to use it that you wouldn't have before because it would have float right by your ear. That's a very interesting thought, Shane. See, I learned something from this.

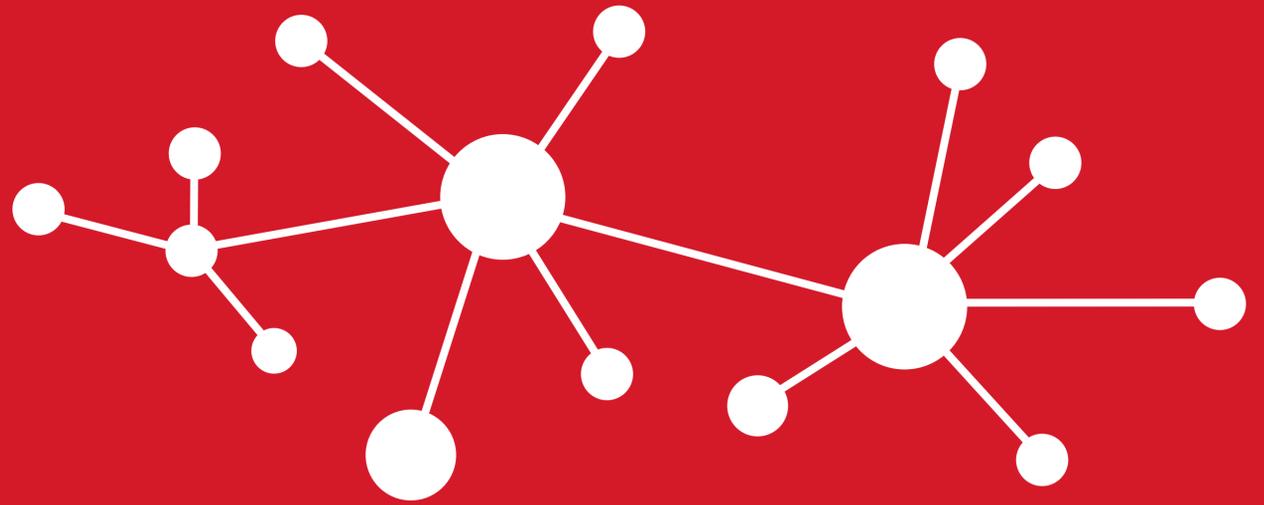
**Shane Parrish:** I'm glad we're chatting. I've learned a lot too. I want to finish up with one question. I'm experimenting with this question. You can tell me your thoughts on it, which is, when you're 90, what is it you want people to say about you?

**Roger Martin:** He was a voice that we will miss. Yup, plain and simple.

**Shane Parrish:** Thank you so much for an amazing conversation, Roger.

**Roger Martin:** Thank you. You're awesome at this. I would happily do this anytime, my friend.

**Shane Parrish:** We'll do it again sometime, I'm sure.



THE

# Knowledge Project

A podcast about better thinking, problem  
solving, and decision making.



[FS.BLOG/PODCAST](https://fs.blog/podcast)

*fs*