



Thanks to Darwin

It is Christmas and a time for reflection, even for those of us caught up in the stress of what we call business. For me it is time to respond to the editor's wishes and turn to the creative juices. My background reading has taken me to Darwin and the process of evolution. Darwin concluded that species evolve by a process of undirected variation and natural selection. As environment shifts the genetic variations that best fit the environment get selected – the well suited tend to get selected and the poorly suited tend to perish. This is Darwin's theory of survival of the fittest. In Darwin's own words, 'multiply, vary, let the strongest live, and the weakest die.'

What lessons are there here for business? There is a distinct difference in that evolution in the natural world has no other goal than the survival of the species. The species makes 'natural' selections. Human organisations make conscious selections. But visionary companies aggressively harness the power of evolution. Companies have the ability (at least in theory) to set goals and plan. Species do not. Circumstances and the environment are constantly changing therefore responses have to change accordingly.

According to J.W. Johnson, founder of Johnson and Johnson, celebrated failure with the words, 'Failure is our most important product'. Companies must accept failed experiments as part of the evolutionary process. I have written before in this column about my criticism of how companies mishandle failure. It is singled out, punished and usually the corporate police are tasked with ensuring this cannot reoccur. What nonsense. Johnson and Johnson's history is filled with favourable accidents.

Bill Hewlett of Hewlett Packard said in admiration of 3M, 'you never know what they're going to come up with next. The beauty is that they don't know what they're going to come up with either.' 3M is one of the great corporate successes of the twentieth century. If you think that 3M stands for the

Minnesota Mining and Manufacturing Company where on earth does mining fit in with post-it notes?

Under the leadership of their chief executive and ultimately chairman William McKnight they reinvented themselves. They created a company – a mutation machine – that would continue to prosper irrespective of who was at the helm. Yes they have rules. But these rules are interesting not like the usual unhelpful 'school rules' I see in most places. Rules like the 25% rule. Each division has to achieve 25% of its sales from products no more than 4 years old. Then there is the 15% rule. All technical people have to spend 15% of their time working on projects of their own choosing and initiative. New product development is what sustains their future and underpins their evolution. I have no idea what 3M will be into by the year 2050. I am convinced that it will be around. I cannot say that for many companies I see today, and that goes for many in the Times top 100. It was using the 15% rule that Art Fry produced the post-it notes. However, if Fry had been working in some British companies he would never have been allowed to spend time developing the idea.

In order to have healthy evolution you have to try enough experiments (multiply) of different types (vary), keep the ones that work (let the strongest live), and discard the ones that don't (let the weakest die). In other words you cannot have a vibrant self-mutating system – a 3M – without lots of failed experiments. How many failures are you responsible for?

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