

The think different challenge

This is one of those subjects which most readers will be inclined to dismiss. A vast majority will claim they think differently all the time. In fact, rarely do any of us think outside the norm.

At a recent conference I attended, a group of 20 or so very senior executives was presented with a puzzle. We were warned that the solution to achieving the desired result (getting the three pieces to fit together properly) would require us to think differently, to avoid the obvious approaches, to seek that which was not obvious or apparent. Despite these instructions, none of us were sufficiently innovative and not one correct answer was forthcoming in the time allotted. The professor told us our failings were not unique. My point, his point, is simply that it is quite difficult to think differently.

Consider this example. Most readers of this column will be stock market investors, either directly or indirectly by way of mutual funds or managed RRSPs. How many outperform the market? To put it another way, how many score consistently in the top five per cent in their returns? By definition, the answer is less than five per cent. How or why they are able to do so is simply because they invest differently than the other 95 per cent. That takes courage, it requires you to form a view of, or predict the future and what that future is likely to mean to the economy and its participants. Again, by definition, that prediction is likely to be very different from the consensus.

Consider another example. Newfoundland and Labrador is about to get a new premier. If the current polls are any indication, it will be a short-lived tenancy. It will be very difficult to overturn the oft-held political maxim associated with one party having been in office for an extended period. Voters are often motivated by the rally call: "it's time for a change." Therefore, one can deduce that should the new premier fail to convince the electorate that he represents such change, his chances for a win at the ballot box at the end of his term are slim. How might he make such a difficult argument? Certainly not by governing as did his predecessor(s) nor by implementing minor policy initiatives.



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The change required to win over the skepticism of voters and get their favorable attention will have to be dramatic indeed. One example might look like this: explaining to the voting public the difference between investing money and spending it (in other words, the difference between capital spending, which adds to growth, and income spending, which doesn't). The public would appreciate that difference, now totally buried in government accounts, and further appreciate the need to cut one (the fat) while growing the other (the muscle). Obviously there is a host of other ways in which the premier could govern differently, like seriously tackling the way in which health care is delivered or education undertaken. This would take courage and

conviction - both of which are necessary characteristics if he wants to be re-elected. Further, these initiatives represent the right thing to do in any case. You can imagine the internal opposition to such dramatic change, as well as the reaction from all the vested interest groups who would feel threatened by such change.

Even though such change is necessary, it is not likely or probable that we will get it. Nor is it likely or probable that any one of you will re-think the commonly held views for the future of the industry in which you compete. That would take just as much courage and conviction.

It is not wrong to view risk with a healthy degree of trepidation. It is not foolhardy to place a significant amount of your savings in very safe fixed income bonds. And it's certainly not reckless to avoid attempting to lead your industry or your company along an unknown trail. My point is simply that you need to assess your appetite for risk. Not everyone can or will be rich, not everyone can or will lead a political party for an extended period of public support. Know yourself and your situation and then place your bets accordingly.

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