

Confront the Brutal Facts About Your Company

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INTRODUCTION: PERCEPTION AND REALITY

One of the hardest things I've found about running a company is navigating the disconnect between how I see our business and the actual facts of our reality. Being the company founder and a naive optimist, my temptation is to see the company as I believe it can be—and, while that can be helpful at times, it's often at odds with our actual state.

And this is where many managers and owners get stuck: They believe in their biased and insulated *perceptions* of their businesses rather than the *realities* that are actually unfolding. Fear, ego, and insecurity are often at the heart of this, and many of us have worked in organizations where certain facts were ignored or not brought up around certain executives.

As leaders, we can choose to look fear in the face and confront the truth about our businesses or isolate ourselves from reality and drift towards mediocrity and impending doom.

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THE STOCKDALE PARADOX

In 1965, Admiral James Stockdale (then a Captain) was shot down over Vietnam and spent eight horrific years as a prisoner of war. As the highest ranking American officer in captivity, he was specially singled out by his captors and experienced excruciating torture before his release in 1973. But during his time in the prison camp, he was an example of honor and resolve—sending vital information to his wife through coded letters, creating a non-verbal language his fellow prisoners could use to stay unified as they were forced into isolation, and even beating his own body so he couldn't be used as a television prop to show that the Viet Cong's prisoners were being treated well in captivity.

Jim Collins profiles Admiral Stockdale in his masterpiece *Good to Great* and provides an insight he calls “The Stockdale Paradox,” which the Admiral shared with him years after his release.

Collins asked the Admiral how it was that he was able to not give up during all those years in captivity and isolation, and the Admiral's reply was striking.

“I never lost faith in the end of the story—and that I would prevail in the end and turn the experience into the defining event of my life—which in retrospect I would not trade.”

“To grow a successful company, you must confront the brutal facts—no matter how severe—and simultaneously never lose faith that you will prevail in the end.”

Collins records him going on to say, “This is a very important lesson. You must never confuse faith that you will prevail in the end—which you can never afford to lose—with the discipline to confront the most brutal facts of your current reality, whatever they might be.”

In the years since I read that, this lesson of “The Stockdale Paradox” may be the most important that I have learned.

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WOUNDS FROM FRIENDS OR KISSES FROM ENEMIES

The higher up you get in a company, especially your own, the harder it is to find people who will tell you the truth. Because the truth hurts. It can be incredibly inconvenient, and it's often exactly what you don't want to hear when you're charging ahead with your latest great idea.

The truth also puts the truth-teller in a position of serious risk because speaking it may offend an all-powerful leader.

This is why many companies in our industry are full of managers and executives who are more concerned with pandering to their bosses than moving things forward to make the industry better.

As a leader, it's critical that we understand this bit of ancient wisdom: “Wounds from friends are better than kisses from enemies.” As such, it's our duty and obligation to find truth-tellers to surround ourselves with if we actually want our businesses to succeed.

This means that we're going to hear all kinds of facts we don't like—facts that offend our egos, facts that we wish weren't true, and facts that could put us out of business. But if we don't put ourselves out of business, then someone else will.

We have the choice to be wounded by our friends as they share the brutal truth—and then confront these facts head-on, before it's too late—or listen to the hollow flattery of our enemies and walk willfully blindfolded off the edge of the cliff.



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CREATE A COMMON LANGUAGE AND THE OPPORTUNITY FOR TRUTH

I spent more than a decade of my life playing guitar in a failing punk band, and, in many ways, it's qualified me for the work I do today. One of the most valuable lessons I learned during those formative years was the song writing process. It didn't matter how hard I worked on a chorus and how much of my passion and emotion went into it—if the chorus sucked, the chorus sucked, and we needed to do something different.

One of the ways I've found to best allow the brutal facts to surface in a company is to create both the *language* and the *opportunity* for them to be discussed. In our company, it's not uncommon for someone to say, “Even though it's hard, we just need to confront the brutal facts on this.” That phrase—“I think we need to confront the brutal facts on this”—functions as a collective safe-word in our business. It's been formally established that no one is going to get in trouble for saying and revealing uncomfortable facts that we need to be thinking about.

Now, we're not perfect at this, but we've also tried to create time and space to talk about those brutal facts and what they mean for us. Every week, we review a scoreboard that objectively tells us how we've done over the previous four weeks. There's no getting around it; we have to look at it. We also spend a half-day at the beginning of each quarter reviewing our previous quarter and what we learned about our company, our customers, and the market that we didn't know before. These dedicated spaces have helped us deal with some very unpleasant realities and avoid catastrophic decisions that we very well would have made without being forced to confront the facts as they actually were.

Some companies avoid this like the plague. A few years ago, someone I mentored received a job offer from a company that had written into the contract that the new employee would not question decisions made by the manager. Protocol like this is exactly how a company runs right off the rails and crumbles into irrelevancy.

But it doesn't have to be this way. Great leaders can provide a language and a space within their companies to confront the brutal facts together and find a way to overcome.

NO EXCUSES

One of the easiest things to do when confronted with the brutal facts is to make excuses. I know this better than anyone.

We have a software company that's gone through all kinds of ups and downs over the last seven years as our product has gone to market. A number of months back, I needed to clear my head, so I went for a long run up the side of a mountain. As I was looking at the amazing view, I started thinking about what needed to be true of myself and our business if we were going to succeed in the years to come. At the top of the mountain, something hit me—the words “blame,” “accountable,” and “responsible.”

There's one person to blame, one person accountable, and one person responsible—me.

I can't blame the customer. And I can't make excuses. If customers don't use our software, then:

1. It's too slow.
2. The data isn't right.
3. The prices are wrong.
4. They didn't believe it helped their story.
5. We picked the wrong customer and need to find a new one.

For our business, those are the five reasons—and all of them roll back up to us. In the time since then, we've used this as a grid and worked to attack each of these issues systematically. And, while the results aren't perfect, we've found a lifeline in our company that only exists by not allowing excuses to pigeonhole us into complacency.

MAKE IT BETTER

One of the things that can make leaders freeze when confronted with the brutal facts is realizing just how far from perfect they are—and how long it will take to get better. While it's easy to get hung up here, what's critical is not to worry about making things perfect, but instead to focus on making things better.

A while back, I was driving through the deserts of Central Oregon with my friend Matt Bradley on our way to visit a customer. We had 10 hours in the car together with almost no cell service, so there was plenty of time to talk. A few weeks earlier, he'd told me about some of the “brutal facts” that he was seeing in our business. While I halfheartedly listened, I was really trying to rationalize it away.

I would reply with things like, “if dealers would only do *this*,” “if manufacturers would just do it *right*,” or “if it wasn't so complicated *then*. . . .”

And Matt would simply say, “Tim, I think that we need to do something about this.”

I'd been thinking about it on and off over the last few weeks, but on this long, isolated drive it hit me. He was exactly right. The facts were the facts and we had to confront them if there was any chance of us prevailing.

Immediately, then and there, we got out a notebook and made a “blitz list” of exactly what had to be done in order for us to overcome. We assigned tasks, discussed priorities, and assigned due dates—deciding this “blitz list” was the most important thing in our company until it was complete. Nothing on this list would make things perfect—but everything on the list would make our products significantly better.

Confronting these facts and creating the “blitz list” was a moment of transformation for us. It was one of the most honest times that we've had as a company, and it inadvertently led to some incredible innovation that we never would have seen otherwise.

FALL IN LOVE WITH THE JOURNEY

Many people struggle with the brutal facts of their business because they want the ride to be over. They want the bonus, the title, or the corner office rather than the journey. But here's the thing—the joy is in the journey because those rewards vanish the second you attain them.

In the final episode of *The Office*, Andy Bernard says something that we should all heed: “I wish there was a way to know you're in the good old days before you've actually left them.”

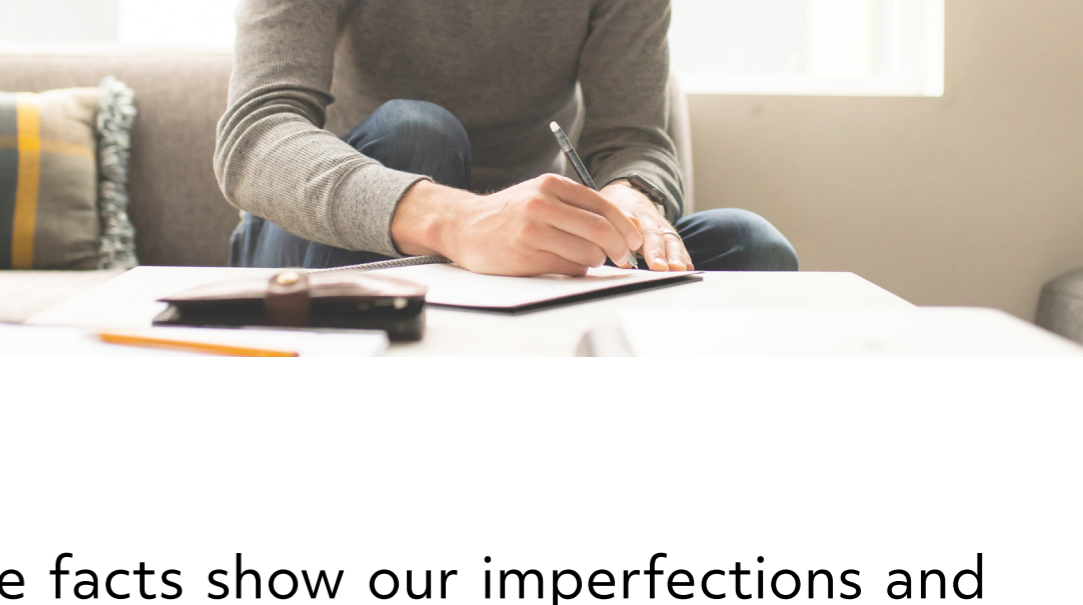
If you fall in love with the journey, then everything else is icing on the cake. The brutal facts are the brutal facts, and that's perfect—because you have faith that you will prevail in the end and your work isn't in vain.

We've had a lot of punches to the face over the last seven years. Customer cancellations, big deals that fell through, embarrassing bugs in our software—and we're trying to celebrate them. Because as long as we live to fight another day, it means that we can now get better and that cancellation, that big deal that was lost, and that bug in the software was a gift. It's a fact that we now know, which means we can grow from it. If every answer would have been “yes,” there would be all kinds of problems we'd face without the wisdom to handle them.

Another factor in all of this is the brutal fact that all symphonies are left unfinished. Whether we get fired, quit, retire, or die—we won't finish what we've started. This is why we have to fall in love with the journey—with the process—because, in this life, it's all we have.

And just like Niggle in Tolkien's masterpiece “Leaf by Niggle,” being faithful with the journey we've been given can light the way for others to follow.

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CONCLUSION: HUMILITY AND HOPE

The enemy of the brutal facts is the ego. Because the ego wants you to be right above all else—it doesn't want to change, and it's easily offended. And the truth is our egos will always be a factor in our businesses. But even so, by making intentional space, we can look at the facts as they are and plot a way forward.

This demands—and even teaches—humility. Because the facts show our imperfections and shortcomings. But they can also give us hope by revealing our opportunities and uncovering our potential. By confronting the brutal facts about our companies and ourselves, we have the opportunity to do something truly great. And like Admiral Stockdale, we can trust that any hardships we face can be redeemed—and may very well be the defining events of our lives.

