



*Great Leaders
Great Organizations
Lasting Results*

Leadership, Innovation, and Decision-Making

In 1976, John Risley and Colin MacDonald established Clearwater with a pickup truck, a vision, and an overabundance of entrepreneurial drive. Today, Clearwater Seafood's is one of North America's largest vertically integrated seafood companies. John has received numerous awards such as: Officer of the Order of Canada and the Canada Award for Business Excellence in Entrepreneurship.

B.M. You know as well as anybody that the interplay between decision making and leadership is absolutely critical. How has your approach to decision-making changed over the past 30 years?

J.R. When Colin and I first started we made all of the decisions; now as president and CEO of a global and diverse organization, I try to make no decisions. Obviously, I say that factiously. You still have to make decisions, but as you grow and the world around you becomes more complex, you should be bringing more people into the decision making process. The next step is to teach our employees that making the best decisions possible is a large part of their job responsibility. One of the major reasons for our success is learning from making decisions and that includes decision-making mistakes. We all have to take ownership in that process and learn from mistakes. I want my employees to learn from my mistakes and their mistakes. One of the most important parts of my job is to move decision-making down the chain as deeply as possible.

B.M. There are two schools of thought on decision-making. One that it's intuitive and the other one that it's rational – and neither is correct. Research had determined that the information we have affects the analysis we carry out. Analysis affects our intuition, and the intuition affects the information we look for and the analysis we carry out, because each of these three factors interact.

J.R. My answer to that and it's not what you are going to expect. The failure of business as it goes from being very small and intuitively driven, to large and being institutionally driven is the abdication of leadership around decision making. In other words, in a small company you have to make decisions, there's no choice. The problem is as the company grows and gets bigger and bureaucratic, nobody wants to make decisions anymore. The decision-making process becomes institutionalized around risk aversion. If you think about Clay Christiansen and what he teaches in his book, *The Innovator's Dilemma*, and you see it all the time in big business versus small business. Big business says, "Look, I don't care about your intuition. If this is an opportunity quantify it for me. Give me a business plan. Show me the rate of return." However, if you think about where innovation is happening today and where business progress and wealth is being created, it's being created by the guy who says, "You know what? I don't know if I can make money doing this, but if I can create a market for this product by giving it away free, or creating a broad audience, or introducing something of value and the value measurement being that people will spend time on my website, or people will do this, or people will do that, I can figure

out how to commercialize it." Big business can't do that. Big business will not allow people to spend time or money, in the absence of a business plan that shows up front where's the commercial opportunity and more specifically what is the Return on Investment?

Big business could never create a Google. It could not happen because these businesses started with no business plan. They started without an economic model. They started only with an idea: look at Facebook. Facebook was around for five or six years before they started to try to monetize their website and generate their first dollar of revenue. Big business can't do that. It's not possible.

B.M. I'd like to play devil's advocate for a second because there are examples of big businesses that have done that, and they've done it by having skunk works, which means that individuals or groups within an organization are given a high degree of autonomy to work on their own projects. One of the most well known example of skunk works is 3M's success with post-it notes. Post-it notes were developed by an employee and were never meant to come to market. However, the secretaries who tried them convinced management that they could not live without them. Just like 3M who give its employees 15 percent of their time to work on their own projects. Twice a year, six to eight of the most interesting ideas receive Genesis Grants to further explore these ideas that don't have the official financial backing of a business unit. Likewise, Google, lets their employees work for twenty percent of their time on whatever they want to work on.

J.R. Those are the exception, not the rule. There are big businesses that succeed, but they start innovating as if they were small entrepreneurs.

B.M. How do we get more companies to do that? Ninety percent of what we think is culturally and linguistically determined. It's the culture that you're talking about, either bureaucratic or intrepeneurs who are entrepreneurs within a business.

J.R. If you look at the S&P 500 fifty years ago and compare it to the S&P 500 today – you wouldn't recognize half the names. They've disappeared off the list. What is the common denominator? Poor leadership versus good leadership. In other words, General Electric has survived for a hundred and some odd years because its had good leadership. The companies that have not survived or have gone through bankruptcy, like Kodak, Blockbuster and Northern Telecom had poor leadership at the end. On the other hand General Electric is fanatical in developing its culture of innovation, and that's a function of leadership. It all comes from leadership.

If you think about the innovation that came out of World War II, we saw what people, organizations and countries were capable of a lot more in terms of productivity. It's a function of the environment. It's not a function of the fact that young men and women at that time were smarter, or more innovative, or had more scientific skills set than people today -- that's not the case at all. The point is that the environment was so predisposed to imposing on people the obligation to produce more, that people rose to the occasion and produced more and produced it more quickly than was ever thought possible.

I would also like to point out that John's business success is not his only legacy. John strongly believes in paying it forward. He is also a serial philanthropist and not surprisingly, one of his favourite beneficiaries is Junior Achievement whose vision is to provide today's youth with the experience and mentorship to be tomorrow's business leaders and entrepreneurs.

CONTACT INFORMATION

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