

THE OPPOSABLE MIND

*How Successful Leaders
Win Through Integrative Thinking*

Roger L. Martin

HARVARD BUSINESS SCHOOL PRESS
BOSTON, MASSACHUSETTS

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Printed in the United States of America
11 10 09 08 07 5 4 3 2 1

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Library of Congress Cataloging-in-Publication Data

Martin, Roger L.

The opposable mind : how successful leaders win through integrative thinking / Roger L. Martin.

p. cm.

ISBN-13: 978-1-4221-1892-4 (hardcover : alk. paper)

1. Leadership—Psychological aspects. 2. Thought and thinking.
3. Contradiction. 4. Problem solving. 5. Decision making. 6. Successful people—Interviews. I. Title.

HD57.7.M39248 2007

658.4'092—dc22

2007021447

The paper used in this publication meets the requirements of the American National Standard for Permanence of Paper for Publications and Documents in Libraries and Archives Z39.48-1992.

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C H A P T E R 1

Choices, Conflict, and the Creative Spark

The Problem-Solving Power of Integrative Thinking

The test of a first-rate intelligence is the ability to hold two opposing ideas in mind at the same time and still retain the ability to function. One should, for example, be able to see that things are hopeless yet be determined to make them otherwise.¹

—F. Scott Fitzgerald

IT WAS SEPTEMBER 1999, and Michael Lee-Chin had a serious crisis on his hands—the worst crisis of his business career. Lee-Chin had presided over more than ten years of remarkable growth at his beloved money management firm, AIC Limited, but now AIC was under withering attack. Its very survival was in doubt. Things did indeed look hopeless, but Lee-Chin was absolutely determined to make them otherwise.

Integrative Thinking and the Rescue of AIC

Lee-Chin had seen hard times before. The eldest of nine children of biracial parents (both parents were the offspring of Jamaican mothers and Chinese fathers); Lee-Chin was something of an outcast in his hometown of Port Antonio, Jamaica. Other children in the neighborhood teased Michael and his siblings, and he felt, he told me, “betwixt and between,” neither fully Chinese nor fully Jamaican.²

Proud and entrepreneurial, Michael’s mother and stepfather worked as clerks at the local market, and his mother took on second and third jobs as a bookkeeper and an Avon lady. With the money they managed to save, his parents eventually opened their own market, but money and luxuries were still scarce, and it was inconceivable that their oldest child would one day earn a spot on the *Forbes* global list of billionaires.³

In 1970, Lee-Chin moved to Canada, where he attended McMaster University in Hamilton, Ontario. After graduating, he worked odd jobs, including road engineer and bar bouncer, while he looked for his true calling. With his warm, friendly manner, quick wit, and room-filling presence—he’s six feet, four inches tall—Michael was a natural salesman, and he discovered in himself a passion for investing. In 1983, he borrowed \$400,000 to put to work in the stock market, and by 1987 he had earned enough to buy AIC Limited, a tiny investment advisory firm managing a mere \$600,000 in investors’ assets.⁴

An admirer of Warren Buffett, Lee-Chin pursued a strategy at AIC with almost no parallel in the mutual fund business. The typ-

ical mutual fund manager holds one hundred to two hundred different stocks at any given time and turns over the entire portfolio every eighteen months or so. But emulating Buffett's approach of taking long-term stakes in a relative handful of companies, Lee-Chin's AIC Advantage Fund would hold ten to twenty stocks and hang onto them, as he says, "more or less forever." Lee-Chin's "buy, hold, and prosper" philosophy worked brilliantly, and by 1999, assets under management had grown 10,000-fold, to \$6 billion.

But in 1999, as we heard so often at the time, everything was different. Investors were clamoring to buy Internet service providers, dot-coms, and switching-gear start-ups, day-trading was suddenly respectable, and a mutual fund with a buy and hold philosophy and a portfolio of financial, manufacturing, and grocery store stocks seemed hopelessly old-fashioned and out of step. Many investors lost faith in AIC's investing approach, and for the first time in its history, the Advantage Fund was suffering substantial net redemptions—more money was flowing out of the fund than new money was flowing in.

The low point for AIC and Lee-Chin arrived on the morning of September 2, 1999. Lee-Chin opened his newspaper that day to find that one of the most influential business columnists in Canada was trashing AIC's basic business model and calling on investors to get out while their holdings were still worth something. The article predicted that to raise enough cash to meet the tide of redemptions, AIC would have to sell many of the Advantage Fund holdings. The columnist speculated that the forced asset sales would further depress the price of the stocks held in the fund, which in turn would drive down its returns still further, prompting even more redemptions.

The new redemptions would require more stock sales, reinforcing a downward spiral that would continue until there was, for all intents and purposes, no more AIC.⁵

Lee-Chin remembers that morning well. “I felt awful!” he admitted to me. But despite his distress, he sensed that an opportunity lurked within the crisis that engulfed AIC. The Chinese character for “crisis,” he pointed out to me, combines the characters for “danger” and “opportunity.”

Lee-Chin had to choose, and quickly. Would he sell shares to cover the redemptions, concede that his “buy, hold, and prosper” strategy was fatally flawed, and diversify into the technology stocks that were the flavor of the month? That might save the firm, but at the price of everything he believed in and valued as an investor. Or would he stick to his principles, hold his ground, and risk the firm’s falling into a death spiral that might destroy the business he had built nearly from scratch?

He collected himself, thought hard—but not long—and made his choice. The option he selected was . . . neither. Or rather, both. “The marketplace was expecting that we had to sell,” he told me. “I said, ‘What if we didn’t sell? What if we turned around and bought? Then what?’ We’d turn the assumptions upside down and upset the whole applecart.”

Lee-Chin had little choice but to sell some of the Advantage Fund’s holdings to meet redemptions. But then he took a startling tack. The marketplace expected AIC to use any money left over after meeting redemptions to load up on technology stocks. Lee-Chin would confound those expectations. “Okay,” he decided, “we’re going to identify this one stock, Mackenzie Financial Corporation. We’re just going to put everything we have into purchas-

ing that one stock.” He poured every cent he could pry from AIC’s corporate coffers, and every dollar he could raise from banks, into Mackenzie, one of the fund’s major holdings and a stock he and his staff knew well. “We did everything to buy Mackenzie,” he recalled. “The share price went from \$15 to \$18 overnight. The rest is history. Mackenzie was sold [in April 2001] for \$30 per share. Our unit holders made \$400 million, and we made a handsome return.”

His move didn’t just save AIC. It helped AIC become Canada’s largest privately held mutual fund company, in the process making Lee-Chin a billionaire. His wealth has provided him with the wherewithal to buy and turn around the National Commercial Bank Jamaica, Jamaica’s largest bank, and fund philanthropic projects in Jamaica, Canada, and beyond.

The Integrative Thinker’s Advantage

The lessons of AIC’s cash crisis, and Lee-Chin’s response to it, may seem to have limited application to other business dilemmas. But Lee-Chin’s bold counterattack wasn’t just a spur-of-the-moment gamble by a swashbuckling Jamaican entrepreneur, in response to an unrepeatable set of circumstances. The thinking process Lee-Chin followed is, I believe, common to some of the most innovative and successful people in the business world today, whatever their domain or the problems they encounter.

I have spent the past fifteen years, first as a management consultant and then as the dean of a business school, studying leaders who have striking and exemplary success records, trying to discern a shared theme running through their successes. Over the past six years, I have interviewed more than fifty such leaders—

some for as long as eight hours—and as I listened, a common theme has emerged with striking clarity. The leaders I have studied share at least one trait, aside from their talent for innovation and long-term business success. They have the predisposition and the capacity to hold two diametrically opposing ideas in their heads. And then, without panicking or simply settling for one alternative or the other, they're able to produce a synthesis that is superior to either opposing idea. *Integrative thinking* is my term for this process—or more precisely this discipline of consideration and synthesis—that is the hallmark of exceptional businesses and the people who run them.

As I listened to some of the sharpest minds in business talk about how they thought through the most pressing and perplexing dilemmas of their careers, I searched for a metaphor that could give me deeper insight into the dynamic of their thinking. The skill with which these thinkers held two opposing ideas in fruitful tension reminded me of the way other highly skilled people use their hands. Human beings, it's well known, are distinguished from nearly every other creature by a physical feature known as the opposable thumb. Thanks to the tension we can create by opposing the thumb and fingers, we can do marvelous things that no other creature can do—write, thread a needle, carve a diamond, paint a picture, guide a catheter up through an artery to unblock it. All those actions would be impossible without the crucial tension between the thumb and fingers.

Evolution provided human beings with a valuable potential advantage. But that potential would have gone to waste if our species had not exploited it by using it in ever more sophisticated ways. When we set out to learn to write or to sew, paint, or golf, we prac-

tice using our opposable thumbs, training both the key muscles involved and the brain that controls them. Without exploring the possibilities of opposition, we wouldn't have developed either its physical properties or the cognition that accompanies and animates it.

Similarly, we were born with an *opposable mind* we can use to hold two conflicting ideas in constructive tension. We can use that tension to think our way through to a new and superior idea. Were we able to hold only one thought or idea in our heads at a time, we wouldn't have access to the insights that the opposable mind can produce. And just as we can develop and refine the skill with which we employ our opposable thumbs to perform tasks that once seemed impossible, I'm convinced we can also, with patient practice, develop the ability to use our opposable minds to unlock solutions to problems that seem to resist every effort to solve them. I won't go so far as to say that every problem will find a resolution as brilliantly elegant and successful as the one that Lee-Chin arrived at. But in our daily lives, we often face problems that appear to admit of two equally unsatisfactory solutions. Using our opposable minds to move past unappetizing alternatives, we can find solutions that once appeared beyond the reach of our imaginations.

I'm hardly the first to notice this remarkable capacity of the human mind. Sixty years ago, F. Scott Fitzgerald saw "the ability to hold two opposing ideas in mind at the same time and still retain the ability to function" as the sign of "a first-rate intelligence." That last phrase is telling. In Fitzgerald's view, only people who have the highest levels of native intelligence have the capacity to use their opposable minds to create new models.

Fitzgerald, I think, is too quick to suggest that the opposable mind is exclusive to geniuses. It's true that all the people I hold up

as examples in this book possess first-rate intelligence, and, just as crucially, the temperaments to put opposing ideas into play without being paralyzed by fear and anxiety. But my view is closer to that of another student of the opposable mind, Thomas C. Chamberlin. A scholar (he was president of the University of Wisconsin from 1887 to 1892) and naturalist, Chamberlin in 1890 proposed the idea of “multiple working hypotheses” as an improvement over the most commonly employed scientific method of the time, the “working hypothesis,” by which the scientist tests the validity of a single explanatory concept through trial and error and experimentation. In an article published in *Science*—then as now one of the world’s most prestigious peer-reviewed scientific journals—Chamberlin wrote:

*In following a single hypothesis, the mind is presumably led to a single explanatory conception. But an adequate explanation often involves the co-ordination of several agencies, which enter into the combined result in varying proportions. The true explanation is therefore necessarily complex. Such complex explanations of phenomena are specially encouraged by the method of multiple hypotheses, and constitute one of its chief merits.*⁶

Interviews with more than fifty great managerial leaders have led me to concur with Chamberlin and Fitzgerald: thinkers who exploit opposing ideas to construct a new solution enjoy a built-in advantage over thinkers who can consider only one model at a time.

The ability to use the opposable mind is an advantage at any time, in any era. But the opposable mind may be more than an advantage in today’s world. In this information-saturated age, where each new bit of data complicates a picture that is already stagger-

ingly complex, integrative thinking may be a necessity if we are ever to find our way past the multiple binds in which we find ourselves. Certainly the business world seems ripe for a new approach to problem solving.

In business, we often look at decisions as a series of either-or propositions, of trade-offs. We can either have steady growth or we can pioneer adventurous new ways of designing, building, and selling things. We can either keep costs down, or we can invest in better stores and service. Either we can serve our shareholders, or we can serve our communities. But what if there was a way to satisfy both customers and shareholders without sacrificing the needs and interests of either party? What if we could find a way to meet demands for growth and still be a responsible steward of the environment? To pursue innovation while maintaining the continuity that large organizations need to function effectively?

Integrative thinking shows us a way past the binary limits of either-or. It shows us that there's a way to integrate the advantages of one solution without canceling out the advantages of an alternative solution. Integrative thinking affords us, in the words of the poet Wallace Stevens, "the choice not between, but of."⁷

There's no reason to think that integrative thinking can be brought to bear only on the problems of business. In chapter 4, I discuss how Martha Graham used integrative thinking to rescue the art of the dance from sterile classicism and bring it to the center of the twentieth century's artistic revolution. Integrative thinking has also produced innovations in politics and policy. After World War II, U.S. diplomat George F. Kennan used his opposable mind to find a solution to the seemingly impossible problem of the Soviet Union. Faced with the expansionist ambitions of

Joseph Stalin, the United States appeared to have to choose between all-out war—unthinkable in the nuclear age—and acquiescence to Soviet empire building. But Kennan rejected both unacceptable alternatives and instead devised the U.S. policy of containment. Resisting Stalin's expansionist tendencies with a mixture of culture, diplomacy, economic pressure, military deterrence, and proxy forces, the containment doctrine steered the United States and the West between the poles of war and surrender and contributed significantly to the Soviet Union's eventual collapse. With its rejection of static, binary end-states in favor of complex, dynamic systems, containment has all the hallmarks of a product of integrative thinking.

The examples of Graham and Kennan suggest that integrative thinking can point us toward solutions not yet imagined to such profound problems as terrorism, global warming, and gross economic inequality. This book isn't the place to tackle those problems. But in describing how some of the best minds in business used integrative thinking to find profitable and innovative resolutions to seemingly irresolvable conflicts, perhaps this book can suggest new ways to approach some of today's—and tomorrow's—most pressing dilemmas.

All the Comforts of Home

Integrative thinking is what enabled Isadore Sharp to found and build the largest and most successful chain of luxury hotels in the world, Four Seasons Hotels and Resorts Ltd., whose brand is synonymous in guests' minds with the ultimate in luxury service. Sharp's first lodging property, a smallish roadside motel outside the core of downtown Toronto, was anything but the model for a