**RedZone Podcast Episode #109: The Disruption Mindset: Why Some Organizations Transform While Others Fail – with Charlene Li**

Bill Murphy: 00:01 Hello, and you are listening to Bill Murphy's RedZone Podcast. I interviewed leaders who inspire me in the areas of exponential technologies, business innovation, entrepreneurship, thought leadership, enterprise IT security, neuroscience, philosophy, personal development, and more. Welcome to the show.

Welcome back to the show, everyone. This is Bill Murphy, your host of the RedZone Podcast. Today my guest is Charlene Li. Charlene has just released a new book called The Disruption Mindset: Why Some Organizations Transform Why Others Fail. Charlene is a founder of and a senior fellow at Altimeter, which is a profit company. She is the author of five previous books including a New York Times bestseller, Open Leadership; and the co-author of the critically acclaimed book Groundswell.

She's been named one of the most creative people in business by Fast Company. She's an expert in digital transformation and disruptive growth strategies. She's a graduate of Harvard and of Harvard Business School. I love how she explains that we've been approaching disruption backwards. In my conversation, we talk about how companies make disruption their goal, but they believe that if they develop the right innovation, they will disrupt the markets forever and drive the kind of growth worthy of what their Board of Directors wants.

But as Charlene explains to me that it's not how disruption works. Disruption doesn't create growth. Instead, she talks about how growth creates disruption. I love how she hits it across the head when she says, growth is hard. She's not mincing words here. Disruptive growth is exponentially harder. It requires companies to make tough decisions in the face of daunting uncertainties and answer questions like, should we bet our company's future on next generation customers or today's reliable ones? Should we abandoned our current business model for entirely new one?

Making these bold changes demands leadership and often massive cultural transformation. We talk about leadership, and that in this type of disruptive companies, strategy trumps everything. We need to meet the future needs of our customers. You're going to love the envisioning exercise we talk about with envisioning your future customer. That leadership requires a movement to drive and sustain. It requires consistency. You can't whiffle-waffle as a leader. She talks about the consistency of the best transformation leaders and culture, of course, culture.
We talk about culture, something she calls flux culture. In addition, we discuss her concept of a dashboard. Many of you are digital leaders, but what are your dashboards look like? She gets into specifics on what a true disruptive organization should have in there... the entire company is looking at as it relates to their dashboard. So, I love book authors like Charlene because we're taking 30 years’ worth of meeting some of the best, most transformative conversations and experiences, and distilling it into a book and a conversation.

So with that, I want to welcome you to my conversation with Charlene Li, author of the Disruption Mindset. So I have Charlene Li on the show today, and I want to welcome you to the show, Charlene.

Charlene Li: 03:48 Thank you for having me.

Bill Murphy: 03:50 I really enjoyed reading her new book, The Disruption Mindset and Why Some Organizations Transform While Others Fail. I'd love to ask you some questions and some of the stories that you tell in the book. Would that be a good place to start?

I listened to Charlene, as I'm going to tell in the introduction to this, but what we're looking at right now was her new book, The Disruption Mindset and Why Some Organizations Transform While Others Fail.

Charlene Li: 04:13 Yeah, sounds great.

Bill Murphy: 04:15 So, one of the things that a lot of my listeners struggle with is culture. The culture shifts and changes that are needed for disruption. I was really curious; you talked about the concept of a flux culture. What does that mean in your parlance and when you talk to executives?

Charlene Li: 04:33 Well, I think of the flux culture as a culture that can take some change or some advancement, some disruption and looks at it as an opportunity rather than as something awful that's about to happen to them. Flux cultures always constantly say to themselves, "There's got to be a better way. Let's find a different way to do things." So, constantly hacking themselves. The difference between that and what I call a stuck culture, and stuck culture was, I think, everything we're doing is perfectly fine today. So there is something about flux cultures and how they engineer things, how they believe many things, how they practice the way they work. That's ingrained in them that flux is a good thing, not a bad thing.

Bill Murphy: 05:17 You talked about the soul of a company and lore. To me, I've listened to a couple of your interviews, and I know you and I were connected through a talk I heard you give. It's hard in short amount of time to deliver this message. But diving into the book, you'd talked about the soul of a company and the lore, and then also I've heard you talk about, are you concerned about the metrics of revenues and profits, or do you have other metrics that are equally important? I was hoping you could talk a little bit about that and where you're coming from.

Charlene Li: 05:50 Sure. I think lore is one of the elements of what I call a culture operating system. I'm a big believer in structure, in governance, about being intentional about your culture. One of the ways to do that is not just with organizational structure and process, but also with lore. Lore is they're these rituals, the symbols, even the stories you tell about your organization that cement and solidify those beliefs that help you deal with flux. What I find so interesting is that organizations, oftentimes, especially, tech startups here in the middle of Silicon Valley. They talk about the great products and everything. Then I asked these CEOs, "So, how was your culture go to support your strategy?" He'd look at me like, I have no idea what I'm talking about.

The product is great. You're thinking about your technology is great, but what about the people aspect of this? Especially as technology, as we know, has both positive and negative implications. How are you thinking about this beyond just your organization, think about societal issues too as well? So, thinking much more holistically about technology, about how it's being used both inside and outside of the organization is a responsibility of the leaders of companies these days.

Bill Murphy: 07:10 One of the big themes you mentioned in the book is you think that disruption has been approached from a backward perspective. Yu said disruption doesn't create growth, but growth creates disruption. Because I think that innovation is a very... it's getting to be almost an overused word right now. At least, you just hear it thrown around so often. So, is that statement a way to get at the heart of it?

Charlene Li: 07:41 Yeah. We keep trying to look for that disruptive technology or innovation to drive growth, but the reality is growth itself is so disruptive. So, when you come up with an idea like, "Hey, let's go do this. This is a great way to grow our markets to get more customers," you start putting the plans together and then you realize, "That was going to be really hard. That growth initiative that we have, that's going to cause a lot of disruption. We don't want that."
I can't think of a single instance when an organization is able to drive exponential growth where it wasn't disruptive. Growth is disruptive. So, what you need to do is have a strategy that can sustain you through those hard times. The reason why you're going after this, that opportunity is really clear. Then the leadership and the culture that can help you through those disruptions. Having that disruption mindset. The organizations that can do this are the ones who thrive and grow, huge leaps and bounds.

Bill Murphy: 08:38 One of the big themes throughout the book is leaning into discomfort. So, I think going to singularity for several years, they talked about the corporate antibodies that want to take down the change and just want to focus on the core of the business. You're coming at it from a different angle though. You're coming at it from more of an embracing the discomfort and not shying away from it. Is that something you've done intentionally?

Charlene Li: 09:02 Yes, absolutely. Because I do believe that if you try to aim for growth that's comfortable, you're only going to grow incrementally within your comfort zone. But if you step into the edge of that comfort zone, and even over the edge of that, that's where the magic happens, that's where growth happens. I think that athletes and artists are so well positioned to understand and graph this idea. They live at the edge of their comfort zone in order to push their personal, the bodies and their athleticism. Artists live at that very edge of just potentially falling on their face, and oftentimes, too. What you find with disruptors is that they're comfortable living at that edge because of the discomfort, they're used to the discomfort. None of them would say that it's easy. All of them will say it's incredibly hard to be out there, but they put the systems in place to be able to sustain that level of discomfort.

Bill Murphy: 10:00 You put a lot of quotes in the book that I've never heard before, but they're really interesting. One of them was by Larry Page. There are basically no companies that have good, slow decisions. There are only companies that have good, fast decisions. Then the next is a case study with... I didn't know this about Bezos, but I didn't realize he had this principle of have a backbone, disagree and commit. Then, you actually had the point, I don't know... Basically, the statement he said to his team is, "I don't agree with this, but I'm going to commit to it. I hope you did a home run." It's interesting that the company he allows these, I guess, micro efforts to just thrive within his environment.

Charlene Li: 10:46 Yeah. I think it's one of the most powerful leadership principles that Amazon has, disagree and commit. Because the reason why so many people... because of internal politics, for example, they don't push the very edge of the argument for fear that it's going to upset the relationships they have in an organization. The power of disagree and commit says, "I can go right up to the very edge. I can push passionately for what I believe is right. When the decision comes down, that will going to move in a different direction. I will be 100% behind that decision because that could be me. It could have gotten my way, and I would want everybody else to be 100% behind me."

For Jeff Bezos to say, "My gut says don't green light this movie or don't go do this, but hey, I paid you to be the expert. Who am I to question you? An Academy Award winner, for example, what's a good film or not? I'm going to do it for you, even though I completely disagree with you, and I hope it succeeds." Yeah. Trickily, that's a really mature way of thinking about how to run an organization. So, I think that it's principles like these, beliefs, and then ingrained in the way you do things, your process. Again, that lore that makes Amazon so disrupting.

Bill Murphy: 12:03 It's funny, the disruption mindset and it's all about fear. We always talk about scaling the technologies and scaling capabilities, but scaling our decision making. I hadn't really thought about it from that perspective, but I always wonder how Amazon's able to do so many things and scale. That was my glimpse from that brief snippet case study of how they're able to do this, how they're able to scale their capabilities.

Charlene Li: 12:32 Yes. I think more than anything else, they have this process for evaluating new ideas. It's a one-page press release from the future and a six-page FAQ, and they refine it and refine it and refine it. They will send it back to the drawing boards.

Bill Murphy: 12:49 I heard you talk about this on the YouTube yesterday. Can you explain that? You said it's so fast in the interview, and I'd love for you to just go back for that.

Charlene Li: 12:57 Sure.

Bill Murphy: 12:58 So, it's from the future. It's written from the future?

Charlene Li: 12:59 Yes. Frankly, the whole idea of a disruption strategy has to be focused on the future. Be really super clear about who your future customer is going to be because unless you know who that future customer is, a really clear picture of who that person is, you're not going to make the tough decisions today. The sacrifices, the investments today to attain that future.
So, the way that Amazon does this is that they write a press release from the future talking about what the impact of this product or this service or this innovation is going to have. Then it's written from like a journalist point of view. It's a press release. It's an article that says this is an innovation that has changed your world for these reasons, and this is how people are using it. It describes in a great detail as if it is real.

Bill Murphy: 13:51 That's how he's crafting the future. He literally envisioning the future. As you talked about in the book, it's those unmet needs of the customer.

Charlene Li: 13:59 Right. I think the most interesting thing is when startups go into a VC, or a private equity firm is looking at an investment. They go, "So, what's the total addressable market here? If it's not there, then I don't want to address it." If it wasn't that visible, that everybody be going after it and wouldn't necessarily be worth investing in. So that's the conundrum is where the greatest opportunities are, is when it's sitting in plain sight and nobody's addressing it.

I look at the brilliance of Uber. There was no new technology in Uber. They use existing location-based information in your phone. But when they realize it was there, they go, "Wait, I can't get a taxi when I need one." It was this unmet need. Nobody was asking for this. Then Thomas just said, "What if I could do this?" They whipped together a little app, sent it to a bunch of people, and it grew from there. Their ambition wasn't to disrupt the taxi industry or to change the way people transport the world. They just wanted to get a ride to the airport.
So, I look at this and go, "What are the unmet needs that are out there?" There are so many. There are so many. I like to advise as just an example. Go follow a busy parent around, solves some of their problems. You will make a billion dollar company.

Bill Murphy: 15:23 That's so true because there's a several billion parents out there.

Charlene Li: 15:26 Exactly.

Bill Murphy: 15:30 I think the second part of the three parts that kind of the major themes of your book is leadership. I know we've talked about that already through the leadership of Amazon, but you also talked about archetypes. I couldn't help but think of Joseph Campbell as like the hero's journey and this descent into hell, but then you're coming back out with this wisdom because one of the things you talked about is abandoning a product line or abandoning a business model to go towards a new business model. I thought, "Gosh, that just generates complete fear for leaders." I was just curious your thoughts on that.

Charlene Li: 16:10 Right. I think it's one of the hardest things is when you look at something. This baby that you've built and nurtured for years or decades, and you realized, "This saying is not going to make it in the future." It's got some good profitable customers, but it's not where our customers are going into the future and making the really tough decision to say this time has been great, but it's now time to move on from here. That's a really hard thing to do. I'm not saying it's easy. It's emotionally very difficult.

Also, very because you may have teams and people and infrastructure, investments all tied up into it. But that's why I think that focus on the future customer is so important because you won't make that hard decision unless you know where the opportunity is to the extent that you're going to try to move those people into those new areas or give them a soft landing for wherever they may be.
I think a great example of this is Nokia. When they decided to exit the consumer handset business, you have to realize this was the pride and joy of not just Nokia, but the entire Finnish people. The national identity was so tied up into those handsets. So, to sell it off to an American company and then to behemoth like Microsoft was huge and also meant that a huge number of people knew that their jobs are going to be gone. So, Nokia made sure that those people had a soft landing, an exit, that they were really taken care of well, so that they would work until the very last man and be committed to the company to be able to make that transition work.

Bill Murphy: 17:47 What I didn't know through one of your stories, the book is full of stories, which is just a great way to talk about these concepts is Netflix. I think we all know and we've seen the graphs of blockbuster tanking around the time of Netflix rising. What I didn't really appreciate is the details on the story because they were fun of like the missteps that Netflix went through, and they almost shot themselves in the foot. I think it's really indicative of corporate leaders today. So, could you share that story for my listeners and then what your point of learning is from it?

Charlene Li: 18:25 Sure. Yeah. I think one of the things that Netflix did is that, grew very quickly, but they agree with the red envelopes. At one point they realized they needed to move into the streaming strategy, but how they do that? One of the things they did was they came up with this way of separating the fees because he used to be bundled in. Now, you have to pay separately. The way they executed it was absolutely horrific, and they didn't anticipate the customer pushback from it. Then they did this crazy Qwikster brand new theme port away from that, and they almost killed the company. The thing that that saved it was that Reed Hastings just said, "Hey, we completely messed this up. We completely botched this. We're so sorry." They recovered from it. That was them moving a little bit too far ahead of where they thought customers were. So, I think that's one of the biggest issues that they had.

Bill Murphy: 19:18 Because we all remember those red envelopes and basically I remember, the kickback from the customers. So, that was a company that was obsessed with future state, but they just didn't manage the transition between the current state and the future state. Is that essentially the lessons to be learned there?

Charlene Li: 19:37 Yeah. I think one of the things is that sometimes you miss your target, right? So, sometimes, one of the biggest pushbacks I get from focusing on my future customers is I don't know who they are. How can I know with 100% surety that this is my future customer? The unfortunate answer is you don't know 100% sure. But if you were to wait until you knew what they were, they would be gone.

So, sometimes one of the disadvantages that you overshoot, and the example was Netflix. But the other part of the story is they were able to recover, and they had the ability, the resilience inside the organization, and frankly, in their leadership to be able to understand what mistake they made, and then go and fix it. So, I think that's one of the biggest issues is like this feels really risky. I'm like, "Yes, it is. It's a disruption strategy." Also, the rewards are so incredibly big. You don't get big rewards unless you take big risks.

Bill Murphy: 20:34 Well, also, one of the things I appreciated from your message was you talked about the organization and the discipline and the order that highly disruptive companies actually exhibit. You mentioned that these aren't chaotic organizations. They're very, very orderly. I'd love if you could just mention what you're observing there.

Charlene Li: 20:59 The reputation and the image, if you have, over a disruptive organization is chaos that people are running around. Things are blowing up left and right. It's just the opposite. It was one of the most surprising things I found is that these organizations have things locked down. Because they know what processes are going to be followed, what policies are there, how things are going to be organized, how decisions are made, they don't worry about how to get things done.

They can just focus on doing incredible disruptive, crazy things out there because they feel really safe and secure in terms of how they fit into the organization. This is an interesting finding. You can't ask people to do disruptive things if they themselves feel insecure. What happens is what may seem completely crazy for some people, they look at disruption as a scale of 1 to 10. So, if you're on the lower end, like a two or three, you're looking at the eights and nines and going, like, "How are they doing that?" The eights, nines are looking at the nines and 10s and going, "How are they doing that?"

So, there's always somebody who's doing something even more crazy, but the eights and nines, they're base level. Their ability to deal with flux is so much further attuned. They feel so much more secure, and they're used to taking these bigger risks, that the bigger risks are everyday things that they do. They do a lot more disruption a lot faster.

Bill Murphy: 22:27 So, these are not big framework-type disruptions. There are lots of smaller, more measured disruptions that are just done a lot of them. So, they're doing pushups every day versus doing a set of pushups every month. Is that-

Charlene Li: 22:41 Right, that's a great example. I'll give you an example. I talked to one organization, and they had done it. They had pulled off this amazing disruptive product launch that they did. They pulled all of the stops, did it, got that innovation out. I asked him, "What's the problem?" He goes, "Oh, it's terrible. It was so hard. We're still recovering from it." Then I asked the chief strategy officer, "When was this?" He goes, "It's two years ago. We don't want to go through that again."

When your innovation cycles have in years, you're going to fall behind. Disruptive organizations work very differently. They say, "Well, let's go make that change." How long is it going to take to make that change? The engineers and the product people may say, "Maybe two hours, a couple more hours. We can see if it works." "Okay, let's meet back again in a few hours." Then they reset and they keep going.

Bill Murphy: 23:32 Yeah. Then you’ll be back, okay.

Charlene Li: 23:34 Yeah. It's a very different way of working. So, I don't think you get a chance to make really big disruptions. The things that are going to rock your organization unless you get really good at the smaller ones, and you get practice in, and you start getting better and more comfortable with making these changes. So, over time, you get to make bigger changes.
So, I look at these organizations that are going through what they call digital transformations, which is a really good thing. They're focused on the digital and on the transformation side. You can't ask a person who's been operating and spending 90% of their time just making things go and work. Just making sure the status quo works, to suddenly drop all of that, spend half their time on a huge transformation. That just is asking the impossible people.

Bill Murphy: 24:24 So, when you're brought in as a consultant through the years, you've had this wealth of experience of working with different companies. What do you think your superpower is that creates the most ‘Ah ha’s’ with upper level management? When you walk out the door and you're going down the elevator, the feedback you get is this was so helpful for X. What generally comes out of people who meet with you?

Charlene Li: 24:51 I think the biggest one is to have a greater sense of confidence. They feel like in the past, it just felt like a black box. How would we ever do something like this? Once, we've gone through that workshop or through the discussion, they're beginning to see, "This is absolutely something we could do. It's within our grasp." This is something that we could see ourselves moving into. They're terrified by the thought. Look, they know it's going to be really hard. But this is glimmer of hope and optimism. More importantly, they're beginning to gain confidence that they themselves can become disruptors, that they could do this. Not only do this and survive it, but thrive with it.

Bill Murphy: 25:35 Yeah. That's really powerful. So you're giving them a sense of hope and urgency that they can actually pull this off. It's not an insurmountable.

Charlene Li: 25:44 Right.

Bill Murphy: 25:44 Now, if you're giving practical ideas, a couple of things that popped out of the book was, or one in particular is that... A lot of the folks listening are the chief officers for information technology or security or technical and digital strategy, and you ask what's on their dashboards, and then you point particularly to the upper left hand quadrant. What is the significance of the upper left? Is that just where people generally look?

Charlene Li: 26:12 That's where you put your most important KPIs. Is this the way you read a spreadsheet, any sort of dashboard? You go to the upper left of that? What's over there? The further down you move over to the right, you move the more kind of, okay, these are nice to haves, but what's in my upper left hand quarter? This is one of the things I do when I started an engagement with clients is I asked to see what their dashboards say. How do you measure your success? What do you look at every day to see that you're on track?

I look to see that their customer is in the dashboard. I want to see that customer reflected in the dashboard across every single person's dashboard in the company, even if they never come newer customer because if you are aligned with what customers are doing, you begin to start to understand what role you have, and the actions that you do every day that could impact them.

Bill Murphy: 27:05 So, those are not your traditional vanity metrics, but what are some good impact metrics that you, if you saw someone's dashboard, you're like, "Okay, this company's dialed in. They're really focused on the customer." What would be a good metric?

Charlene Li: 27:20 Customer satisfaction. We have a basic ones like that. Sometimes they have NPS, net promoter score, lifetime value. Even if it's anecdotal, the latest comments from people, positive comments from customers, negative comments from customers. Anything to reflect what's going on with customers so that you know. It's interesting when you ask people what their jobs are, they oftentimes are focused on a very functional, very specific job. I didn't put this in the book, but one of my favorite stories is when you walked around NASA, a reporter went up to a janitor and says like, "What's your job?" He goes, "I'm putting a man on the moon." The-

Bill Murphy: 28:01 That's powerful, yeah.

Charlene Li: 28:02 So, when everybody's aligned on what their job is, what they're trying to do... The other thing I ask when I started a client engagement is, I asked a permission to walk around their office for an hour unaccompanied. They're like, "What are you going to do?" I'm like, "I'm just going to have some conversations. I'm just going to ask people things."

So, I go and ask random people. I try to get to the front lines, a call center or something, finance department. I ask, "What's the company strategy? Can you tell me what it is?" I ask them, "Do you know who your future customer is? Do they even know who the customer is? Who they're trying to serve? Show me your dashboard. What are you being measured against?" I take all of this after one hour and come back, and I just go, "This is what I found."

I mean it's completely subjective, completely anecdotal, but this is what I found. You get so ingrained in the day to day, it's hard to step back, and that's one of the benefits of having an outside perspective, but asking the question even to say, "Why are we here? Why are we putting all of our efforts into this? Do we know why we're making all of these choices and decisions?" Then, I find the organizations who are really focused not just on their customers, but have a good idea where they're going, where their future customers are, are the ones who are aligned in that shared sense of purpose, of opportunity, of mission so they can pull together through these hard times.

Bill Murphy: 29:27 What I love about that is in complex organizations, which is every company these days, what is the critical few, like the 80/20 Pareto's analysis through that Archimedes' lever. What are the fewest amount of things that gets you the biggest bang? What I love about this dashboard is that I was in last night, just looking at old quotes, why some of the quotes didn't make it through to a customer engagement, and then why... just looking at trying to get a feel of what's happening within the organization. You get a lot of customer positive feedback, and you've got some feedback that isn't so positive. But if that was radically transparent to everyone, then it forces a level of discomfort immediately, transparency. Nobody can hide. It's completely up there. It's what I love the dashboard approach is it makes the whole company aware of this theme. In a very simple way, you shift the culture.

Charlene Li: 30:27 Yes. You touched on something really important, that transparency creates accountability. Who's a better person to hold you accountable? I think your customer. Your customer would tell you right away, they could be the conscious of the organization. I think that's why social media is so powerful. There's no hiding the truth when it's out there because your customers are telling you exactly, "Hey, you're doing a great job, or you really disappointed me. I'm angry. I never want to work with you again."

You got to look at that, own that, for whatever it is, whether it's justified or not, that is their truth, and where you can have the voice of your customer ingrained deeply into the organization. That's the big change today, in that inside organizations. We have so many technologies that allow us to work in a much more fluid way because of the way information is shared. This is the reason why we're able to disrupt ourselves as large, complex organizations that we couldn't 20 years ago.

Clay Christensen wrote an Innovator's Dilemma. Basically, if you're an incumbent, you are toast. There's no way you could compete against a startup. That's not true anymore because incumbents have the scale, the brand, the cash, the customers, the people, the resources to be able to be disruptive in a way that a startup can't, if only they can get out of their own way and be able to see that customer for who they are.

Bill Murphy: 31:58 So, that's really what generally, your mission is about is helping... I mean, if you had to net it all out, is you really, with this book, helping companies get out of their own way by sort of hitting them. I look at it very honestly like this is hard. You're not saying it's easy. This is very difficult, but here's some strategies and what you can do about it.

Charlene Li: 32:17 Right. Frankly, companies getting out of their own way include startups because as soon as you have a startup, and you get a couple of customers, you fall into the same trap. "Oh, I finally got a customer. I've got 10 of them. I want to get more of the same 10, not realizing that those 10 may or may not be actually in the market you want to be aiming for." That was one of the biggest insights I also got was that this is never ending, but it also is something that is an issue for even small organizations as well as large complex organizations, that the questions and issues we're grappling with are very, very similar.

Bill Murphy: 32:54 Yeah. My company is 40, so we would definitely be on the smaller end of the continuum. We are a 100% grasping this. This book is equally applicable to me versus the 300, 500, 5,000-person company. So, is the role of a strategy officer do you think, and again this is almost an impossible question to answer, but I'm going to ask it anyway. Which role in an organization do you think has to primarily lead and own... or could it be multiple... could you have the chief marketing officer, the CIO... is the chief strategy officer supposed to own this? Is it the CEO? What are your thoughts on that?

Charlene Li: 33:32 My feeling is that everybody in the organization has to be a part of this disruption strategy. When it comes to owning it, one person running it, it could be anybody. But the key crucial roles that have to be invested in this and make it one of their top three priorities are the CEO and the Board of Directors.

Bill Murphy: 33:51 Top three priorities.

Charlene Li: 33:53 Yeah, top three priorities. Because if it's not... I'm not just saying if five, but even top three, because it is so hard. It is incredibly difficult that anybody who's going to put their neck on the line is like, "This seems really hard." The CEO and the boards are like, "We know it's hard. We are 100% behind it. We talk about it all the time. This is a top priority for the company." This is not somewhere down the line. This is like something that we're betting the future of the company, and we have to do this.

Bill Murphy: 34:23 How would you know if someone is giving something lip service versus they're actually committed to it? So let's say they say it's in the top three. There's a letter from the board, but what actually makes it a top three priority from a backing up someone's mouth or someone's statement?

Charlene Li: 34:39 It's also interesting. Leaders always grapple with "How do I have credibility? How do I establish the fact that my requests, my commands going in this direction are credible?" It's built over time. When you do what you say, and you say and reflect what you actually do, that is where credibility is built. I'll give you an example. What doesn't work is if you say, "We're going to move in this direction. Everybody go there." Okay, everybody goes there. Six months later, "We change our mind. It's going to go over here." Without really giving a good explanation why are we doing that other than I feel we need to go this way versus a shift that says, "We thought it was this way. The market gave us this indication. It's actually this direction." How do you actually explain the things that you're asking people to do? It's constantly, again, built on that relationship as a leader.

A leader is simply somebody who inspires to some change and the people who follow them are inspired by that. It's simply that. It's a relationship. So, leaders have to build this over time, and they have to invest in it. The biggest mistake I see leaders do is they say it once and they think everybody heard it. They don't. They say it again and again and again. They keep saying, "I had a conversation with somebody today, and I think they really represent our future customers. This is where we need to go."

Bill Murphy: 36:05 You have some great examples in the book with that, too. I mean because you talked about team, which I thought was really fascinating. I didn't really realize T-Mobile had really... You gave, again, the whole backstory, which I loved because a lot of times you think, "Well, there's no way a big company can be transformative." That example was truly a multi-billion dollar company from the CEO down executing on something very, very cool.

Charlene Li: 36:31 Yeah. So, T-Mobile was the distant fourth player in the US mobile market and came up with a new strategy to become the customer advocate whereas everybody else was assuming that customers had to go with them, so weren't paying much attention to them. So, T-Mobile said the opportunity was to be the customer-oriented company and not to be like the other carriers. So, they call themselves the un-carrier.

So, whichever way that the other carriers like AT&T, Verizon did things, they would do things exactly the opposite. Say Torque contracts. They actually threw parties with people when they signed the contracts, and the CEO started being online on digital and especially on social media, constantly doing shadows and conversations with people in social, both employees and the customers.

The thing is that this could have been just a simple tagline, but they changed everything in the organization. Even the CEO, John Legere changed. He kind of grew his hair long. He starts wearing just black and magenta. He has his crazy Slow Cooker show on Facebook. The results have been that they're now in number three, and try and acquire the number four player, Sprint. So, they complete turn the company around because they were able to address this hidden narrative and do it in a really authentic, credible way.

Bill Murphy: 37:54 Yeah. To me really that story was... it hit home, and I think it's an inspiring story, more to your point, of giving people when you're working with them the hope. I think there's a lot of stories of hope that you tapped into there. If you had a crystal ball, and you are 10 years in the future, and looking back and we are 2029, and we had the chance to look back on the past 10 years, what do you see has been a major theme or a major one or two themes that you've been able to help or help people work through over that decade in regards to where we are today and what's your future vision is of the unmet needs of people that you work with and that are writing to?

Charlene Li: 38:43 Yeah. I think about the past 10 years, in 2009, I had just finished writing and launching Groundswell. I was in the process of writing my other book, Open Leadership. We were all grappling with this whole idea of wow sharing, sharing and being open and authentic as, wow, that feels dangerous, but it feels good, too. Now, today, this is taken for granted in some ways, that this is what we do. Some of us are more comfortable with sharing than others, but we've gotten to be much more comfortable with openness and sharing and just looking at a world in a different way. The fact that we would get into a stranger's car to seem so different or you would come back total stranger to stay in your house, right?

Bill Murphy: 39:29 Or put your sons and daughters in an Uber, right?

Charlene Li: 39:32 Yeah, exactly. So, it is such a different world that we're in today. I mean, have I told you that we would have Uber, and you would send your 10-year-old off and then told us, they just got to be like, "Absolutely no way." So, what are we going to have in the next 10 years? I mean, my goodness, so many different changes. I think one of the different things is we're going to have technology that comes a lot closer to us.

We were already grappling with this whole idea of privacy and how close we want technology to get into it? We've taken it so for granted. I think in 10 years, we'll have figured that out in many ways. That we will have a lot more control because of blockchain or other technologies where we'll feel a lot more comfortable with technology embedded deeply into us, into our lives, or potentially into us ourselves, into our bodies with embedded technologies. So, I think that's a key thing.

I also am very optimistic about how organizations will work. I think the nature of work will change. The fact that we now have fairly outdated ways of classifying who is a worker, who is a contractor, who's the consultant and things like that. The fact that we have very traditional ways of thinking about the relationship between employer and employee.

The fact that we don't have honest conversations with somebody that says the day that you start work will be also the day we talk about your last day of work, which means I know you're not going to stay here forever, so let's have a mature conversation about this, that when you think it's time that this isn't working out for you, let's figure that out. We'll have an exit day. We'll do our best to help you find your next job. I'll open up my network. In the meantime, I expect you to work 100% as you were and to even help us hire and train your replacement.

Bill Murphy: 41:22 Yeah. I love that. I love that, what you just said about the employer employee relationship.

Charlene Li: 41:31 It's such an antagonistic way of thinking about the world these days, and the way that HR most of the time is created. It's a risk mitigation area. You hired people who can, hopefully, do the job and not sue you in the process. Then when they come into the job that do a decent enough job and, hopefully, stay there for as long as possible, so you don't have to go through this all again. That's not a great way. That's not the way that we think we want to lead and not the way we want to be led. So, how would we rethink what this contract looks like in the way that we actually have our relationships?

Bill Murphy: 42:08 Yeah. I 100% agree with you. A lot of the technologies that we've invented and that we're grappling with and struggling with, I often say... when the car was invented in the late 1800s, seatbelts were a good idea the day they were invented. Even today in our states, there's not the same seatbelt laws across the United States. I don't think it was even mandated until 50 years after the invention. So, we're going to figure out the seatbelts that we need and the different areas of our inventions.

Charlene Li: 42:38 Better way to put that.

Bill Murphy: 42:42 Well, Charlene, this has been a blast. I highly recommend to the listeners to purchase the Disruption Mindset. Fascinating. Your other books, too, that have been bestsellers like the Open Leadership. So, I'm going to put that on the show notes that you can find it on Amazon. If anybody wanted to reach out to you, what is the best platform that you frequent that they could reach out to you?

Charlene Li: 43:07 I'm always on LinkedIn, Twitter, Instagram. All the social platforms, I'm there. I also have a website at Charleneli.com. So, I try to make it as easy to find me. I really do enjoy people reaching out. So, I would love to hear from you about what your disruption journey is like.

Bill Murphy: 43:23 Excellent. Charlene, again, thank you very much for coming on the show today.

Charlene Li: 43:27 Thank you for having me.

Bill Murphy: 43:28 Bye-bye.

Charlene Li: 43:29 Bye.

Bill Murphy: 43:31 So, there you have it. This wraps another episode of Bill Murphy's RedZone Podcast. To get all the relevant show notes, please go to our blog at www.redzonetech.net/podcast. Additionally, make sure you go to iTunes and leave your comments in iTunes about the show. This helps our show rankings enormously and help support the show. Until next time. I appreciate you very much for listening. Thank you.