Organizations Advance One Retirement at a Time

January 17, 2023

Adam Schwab, CFA, CAIA

> A new scientific truth does not triumph by convincing its opponents and making them see the light, but rather because its opponents eventually die, and a new generation grows up that is familiar with it.
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> -German Physicist Max Planck

As Planck states, it's not the superiority of new ideas that replaces bad ideas. Instead, it's when those people with outdated ideas are no longer around, which allows fresh ideas to flourish and take hold.

Organizations advance the same way. The best ideas don't win because of logic, rationality, or evidenced-based merit. The best ideas win when the old guard is no longer in the way. For companies, that means change happens one retirement at a time.

I remember attending a Berkshire Hathaway annual meeting around 2010.

Someone asked Warren Buffett and Charlie Munger: "I'm at a company and I want to change the culture. How do I do it?

Warren or Charlie responded something to the effect of: "You don't. You just leave. You'll never change the culture."

And that stuck with me. Thinking you can go in and just revamp a company's culture is noble, but foolhardy. Changing a group's mindset is impossible, as most people prefer consistency and predictability vs. changing deep-held beliefs.

The only hope is replacing that group, or at least a meaningful number of those in charge. A cadre of new people can run a cultural blitzkrieg toward the right ideas. But new people must come in all at once. You can't dilute the effect by bringing in one new person a year. Incremental change doesn't work. It needs to be companywide and at high levels.

Change must come from the outside. If it's just a rotating cast of corporate lifers who have put in their decades of service and are rewarded with a few remaining years at the top, then nothing changes. Why rock the system that rewarded you for your loyalty and obedience?

Nothing changes. It's the same mindset, just in a different body. It's the same incentive system. Change must come from outside the company without legacy corporate baggage or a vested interest in protecting the status quo.

Companies celebrate those who have dedicated 30 or 40 years to a company. That celebration is premature. Sure, there's some value to loyalty. But to me the question is: are you still contributing at a high level, or just hanging on? Are you merely existing long enough to boost your pension by a few more dollars?

As the saying goes, 30 years of experience is often 1 year of experience repeated 30 times. That should worry a lot of leaders, who point to experience as a core company virtue. Experience may be necessary, but it's certainly not sufficient to do good work.

But bringing in outsiders is scary. The obvious concern is that they misrepresent their skills or work ethic and don't perform up to expectations. I get that. But the bigger hesitation is that **they bring brutal honesty and will tell it like it is**, and the corporate lifers don't want to hear it. Entrenched managers are threatened that past success may have been in spite of the leadership team's actions, not because of it.

It's hard to adapt over a career, especially when you are at one company. Eventually you settle into what you believe and know, slowly closing off outside opinions and people you disagree with. It's a rare leader who continues to challenge what they know and reinvent themselves. Most often that change is too hard.

Even the most humble and self-aware leaders don't realize it's happening to themselves. No one admits they are closed-minded, or full of bad ideas, or immune to change, or are suppressing dissent. But it happens.

Organizations need to think carefully about promoting from within. Internal hires may be more predictable and comfortable, but that's the last thing the company needs.