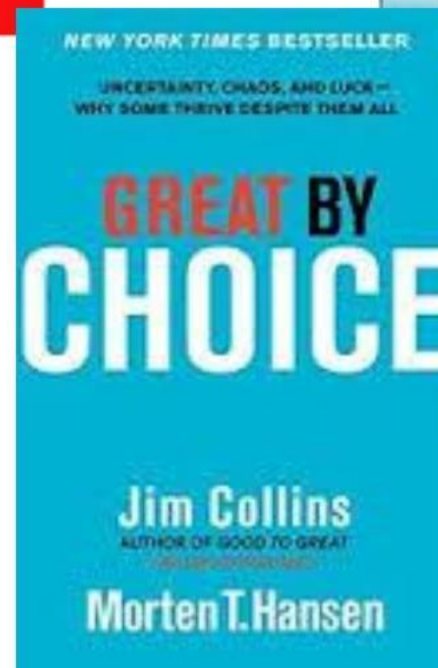
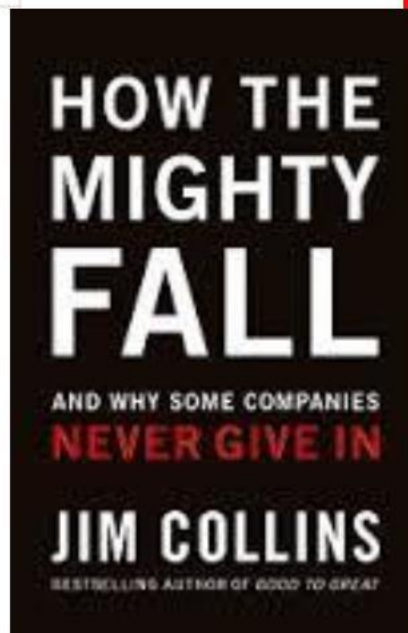
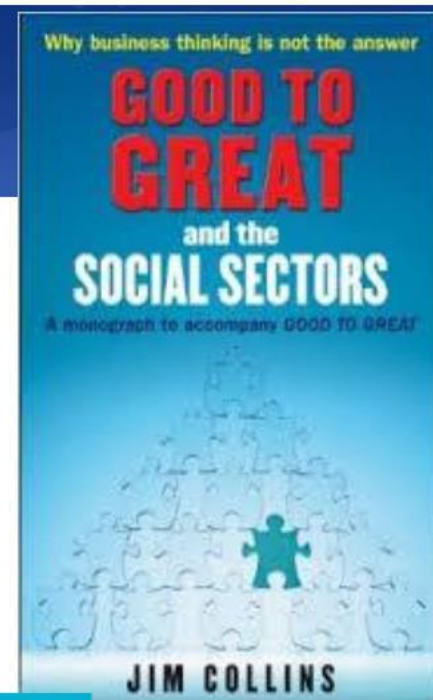
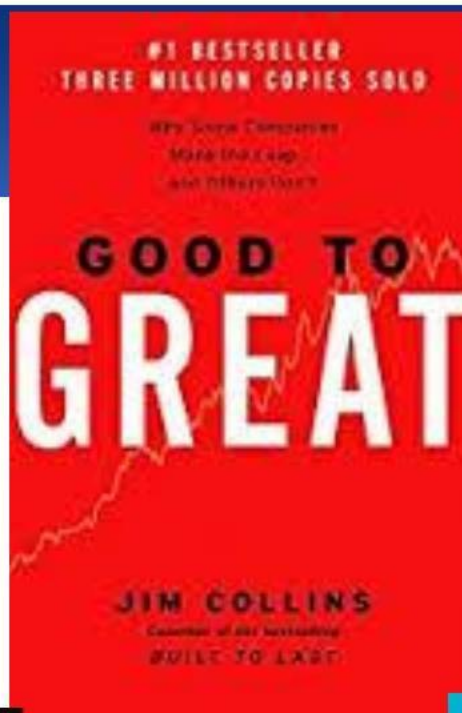
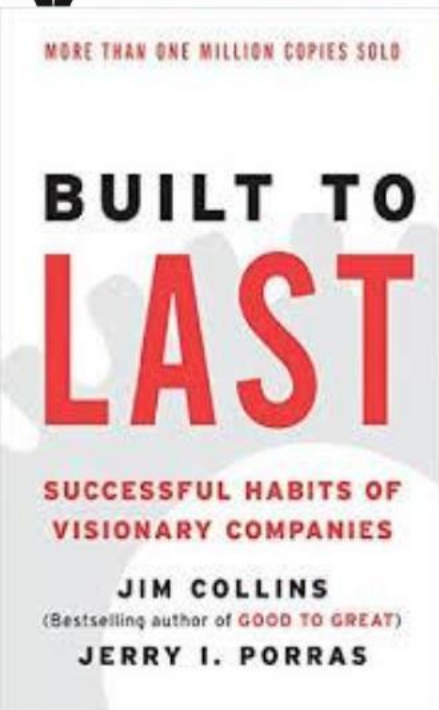




# Institute for National Transformation

## Lecture 23

# FACING BRUTAL FACTS AND THE STOCKDALE PARADOX



*Developing value-grounded, no-excuse leaders that will transform their organizations, communities and nations to greater levels of performance and achievement.*

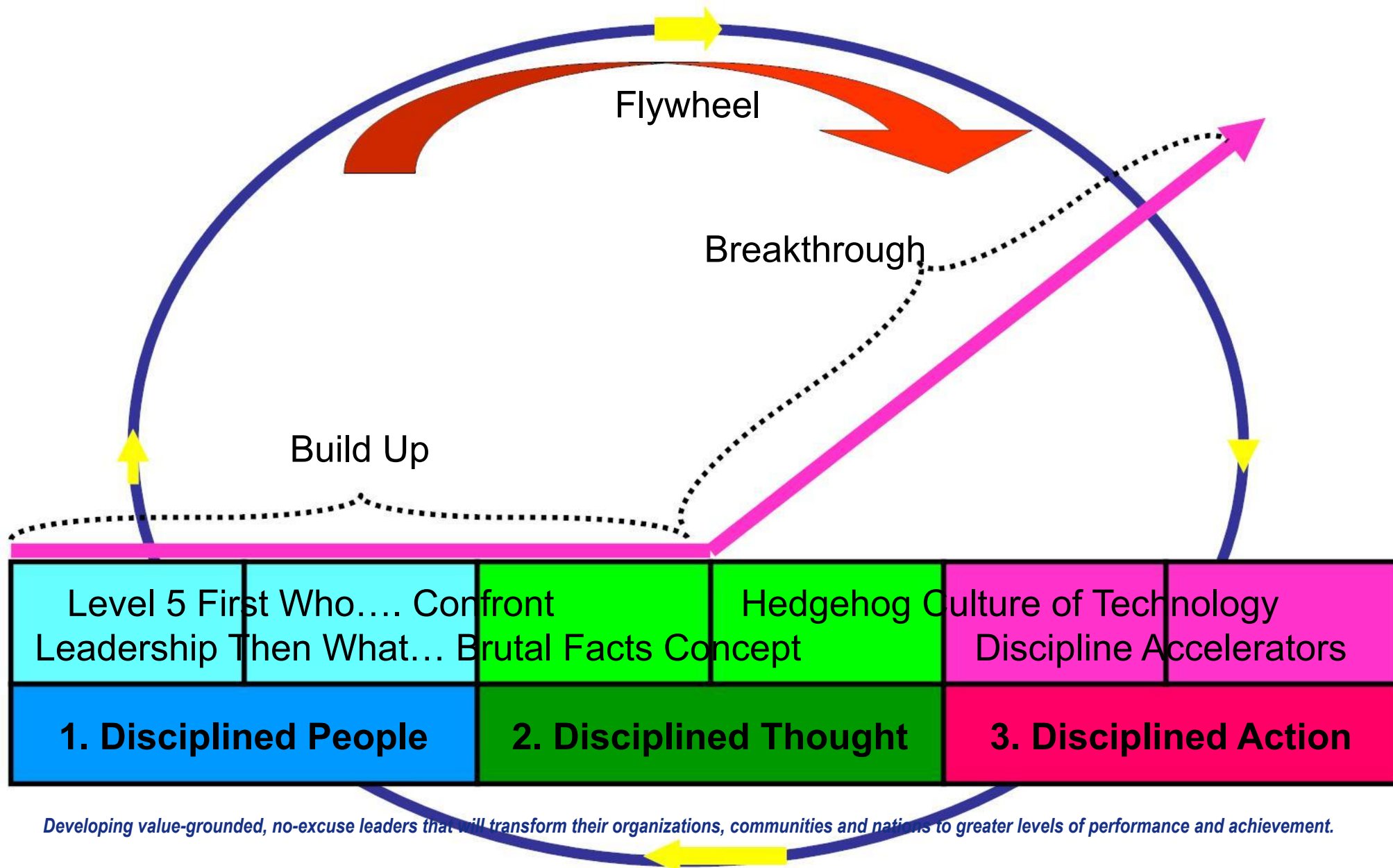


# Objectives

1. To explain the concepts of “Facing Brutal Facts” and the Stockdale Paradox
2. To demonstrate how these concepts helped the “Good to Great” companies make their transition to greatness
3. To discuss applications of these concepts in our local situations

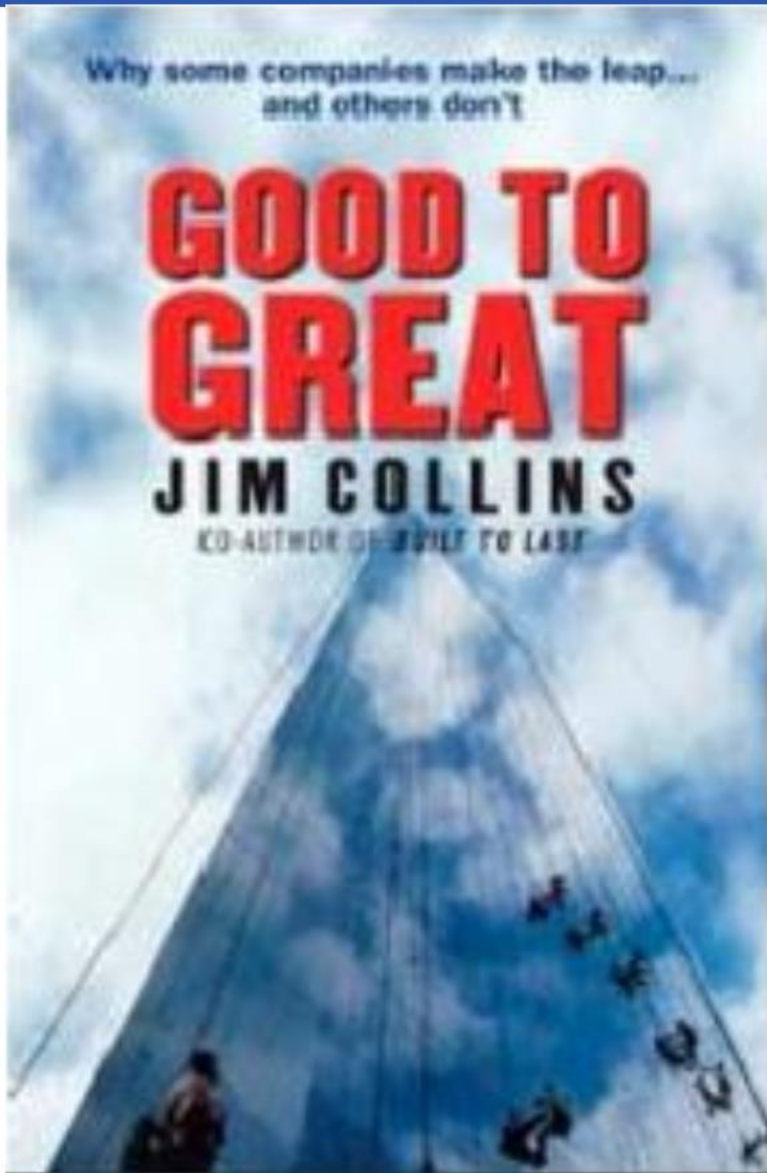


# BROAD OVERVIEW OF THE GOOD-TO-GREAT FRAMEWORK





# Confront The Brutal Facts

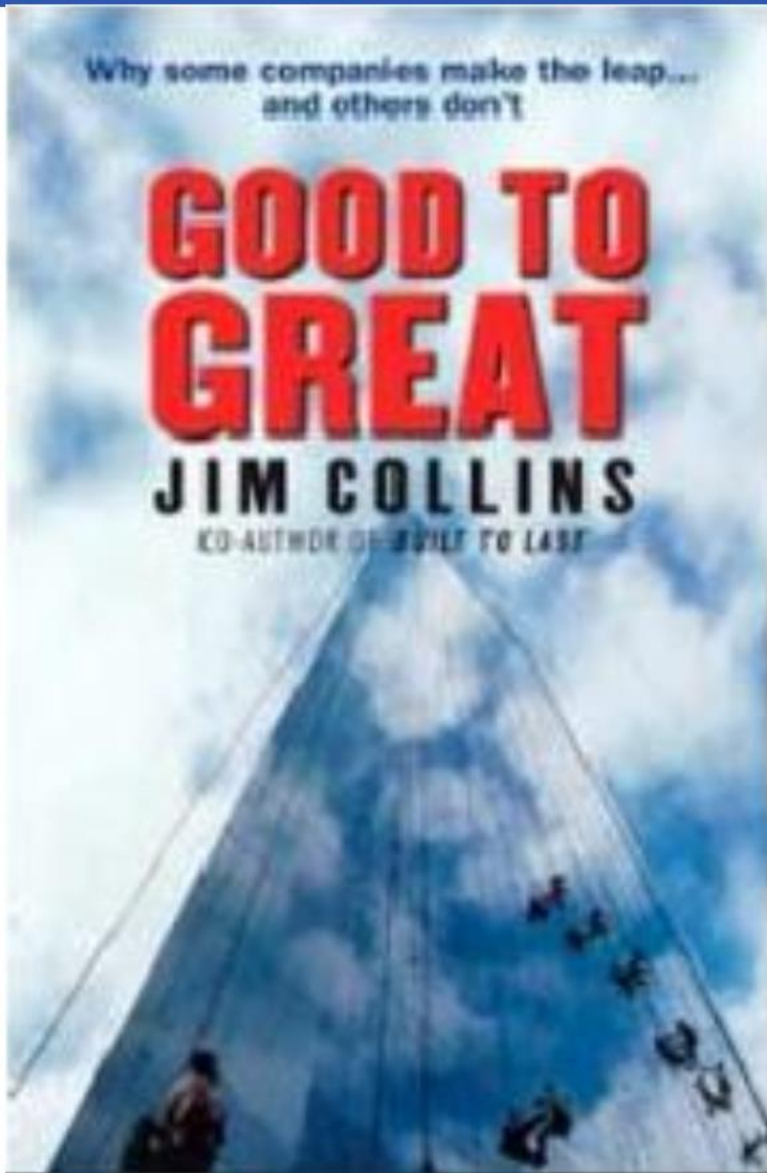


The Good-to-Great Organizations displayed two distinctive forms of **DISCIPLINED THOUGHT**:

- They infused the entire process with the **BRUTAL FACTS OF REALITY**
- They established **A SIMPLE, YET DEEPLY INSIGHTFUL, FRAME OF REFERENCE** for all decisions

*Developing value-grounded, no-excuse leaders that will transform their organizations, communities and nations to greater levels of performance and achievement.*

# CONFRONT THE BRUTAL FACTS



*Leadership is about vision as well as creating a climate where the truth is heard and the brutal facts confronted.*

*It is impossible to make a series of good decisions without first confronting the brutal facts.*

# CONFRONT THE BRUTAL FACTS



There is a huge difference between the opportunity to “have your say” and the opportunity to be heard. The good-to-great leaders understand this distinction, hence creating a culture wherein people have a tremendous opportunity to be heard and, ultimately, for the truth to be heard and implemented.

# CREATING A CLIMATE WHERE TRUTH IS HEARD

1. Lead With Questions not  
Answers

2. Engage in Dialogue and  
Debate not Coercion

3. Conduct Autopsies  
Without Blame

4. Build a “ Red Flag ”  
Mechanism







# Confront The Brutal Facts

## Kroger vs A & P

- Both old companies (Kroger 82 yrs, A & P 111 yrs)
- Heading into 1970s: both started with traditional grocery stores
- Both had had knowledge of how the world around them was changing
- One confronted the brutal facts of market changes and completely changed its entire system in response the other stuck its head in the sand.



# GOOD TO GREAT COMPANIES

- Until 1973, they had similar revenues, profits, numbers of employees and stock charts.
- Both companies held near-monopoly market positions with virtually the same customer base
- By 2000, the story was very different...



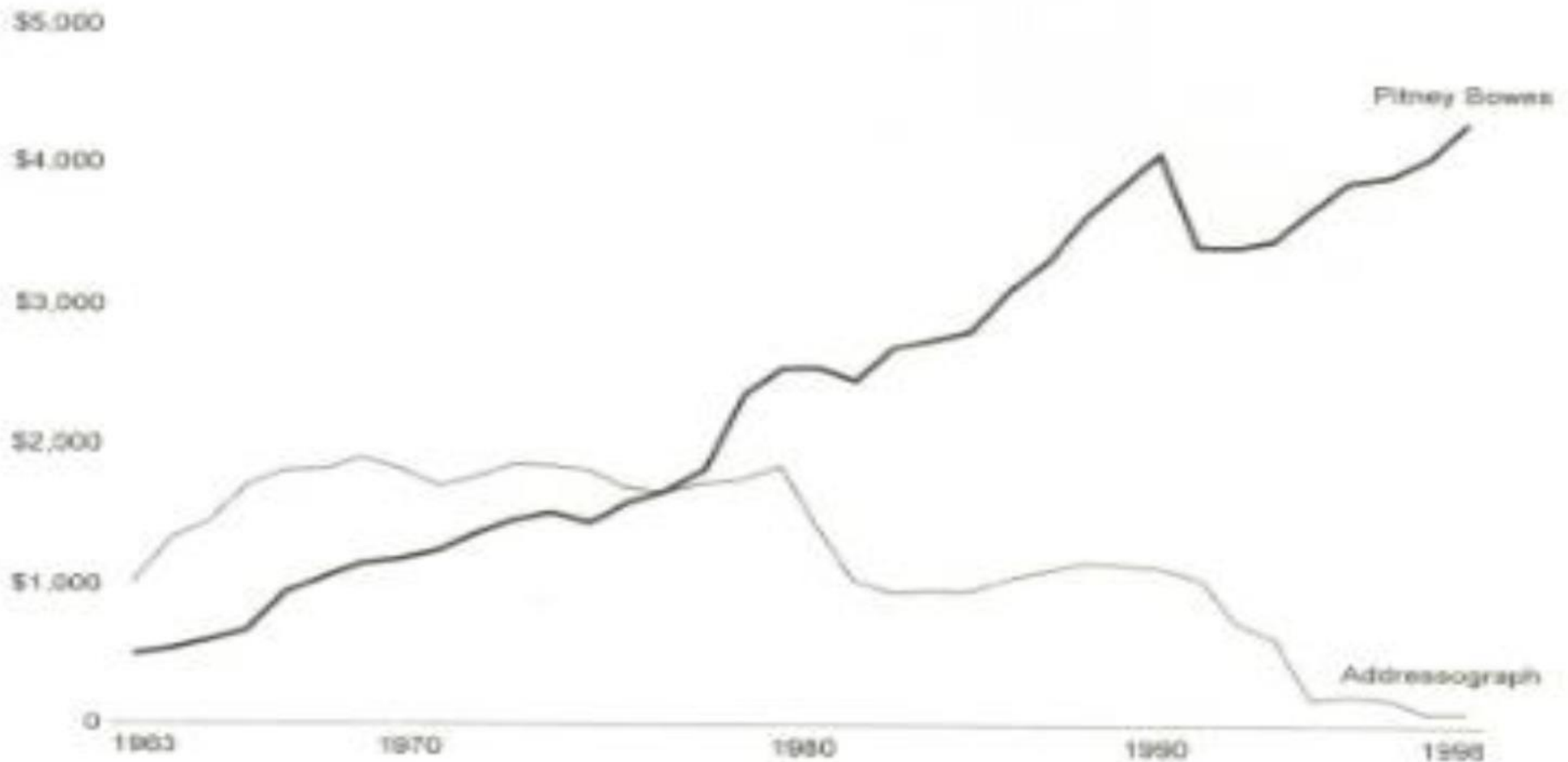


# Pitney Bowes vs Addressograph

## Annual Revenues 1963-1998

### PITNEY BOWES VERSUS ADDRESSOGRAPH

Annual Revenues, 1963-1998  
Constant 1998 Dollars, in Millions





# THE STOCKDALE PARADOX...

Retaining faith that you will prevail in the end, regardless of the difficulties and at the same time confronting the most brutal facts of your current reality, whatever they might be.

**CONFRONT THE  
BRUTAL FACTS**



**FACTS + FAITH**

Have strong faith yet confront  
facts of your current reality





# Confronting The Brutal Facts

## Maintaining Faith In Final Victory

*It did not matter how bleak the situation or how dampening their mediocrity, the good-to-great companies maintained unwavering faith that they would not just survive, but prevail as a great company. And yet, at the same time, they became relentlessly disciplined at confronting the most brutal facts of their current reality.*

**CONFRONT THE  
BRUTAL FACTS**



**FACTS + FAITH**

Have strong faith yet confront  
facts of your current reality

# Sir Winston Churchill

Nazi advance in WWII



*"We are resolved to destroy Hitler and every vestige of the Nazi regime. From this, nothing will turn us. Nothing! We will never parley. We will never negotiate with Hitler or any of his gang. We shall fight him by land. We shall fight him by sea. We shall fight him in the air. Until, with God's help, we have rid the earth of his shadow".*

# THE STOCKDALE PARADOX...

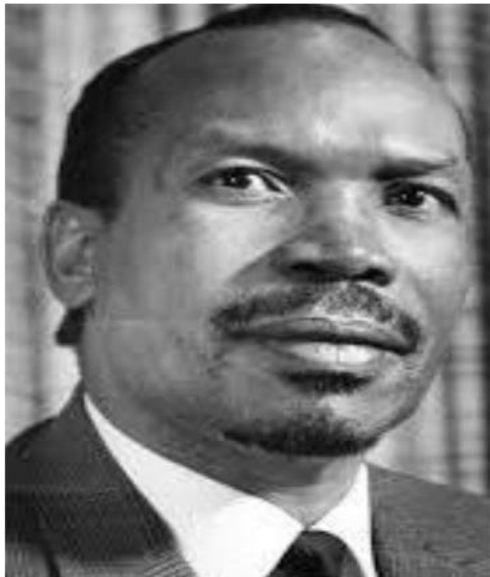
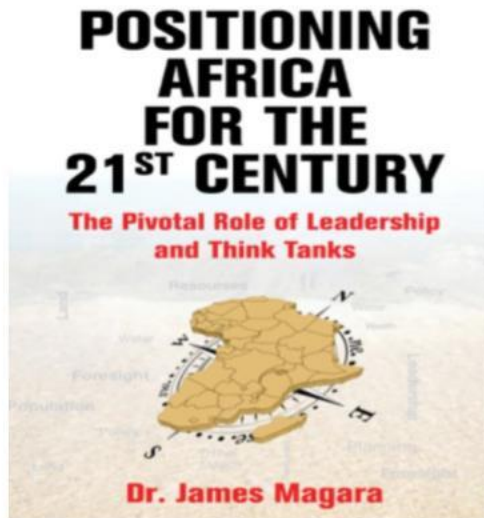


## Admiral James Stockdale

*"I never lost faith in the end of the story, I never doubted not only that I would get out, but also 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."*



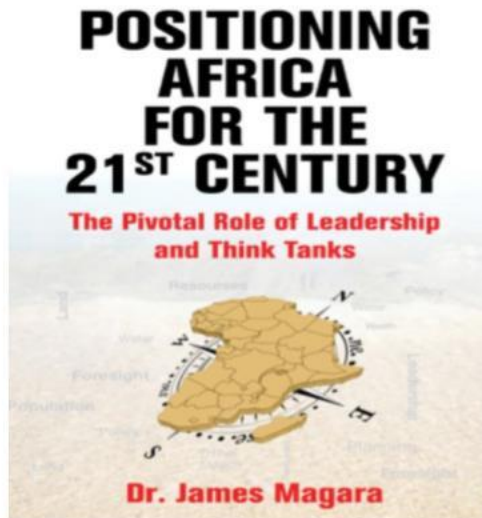
# Botswana Faced the Brutal Facts in the 1960s



- Mostly desert
- There was no basic infrastructure
- Only 22 km of paved road
- Lacked a skilled workforce with 22 university graduates and a mere 100 graduates from secondary school
- From 1965 to 1995, Botswana had the fastest growing economy in the world

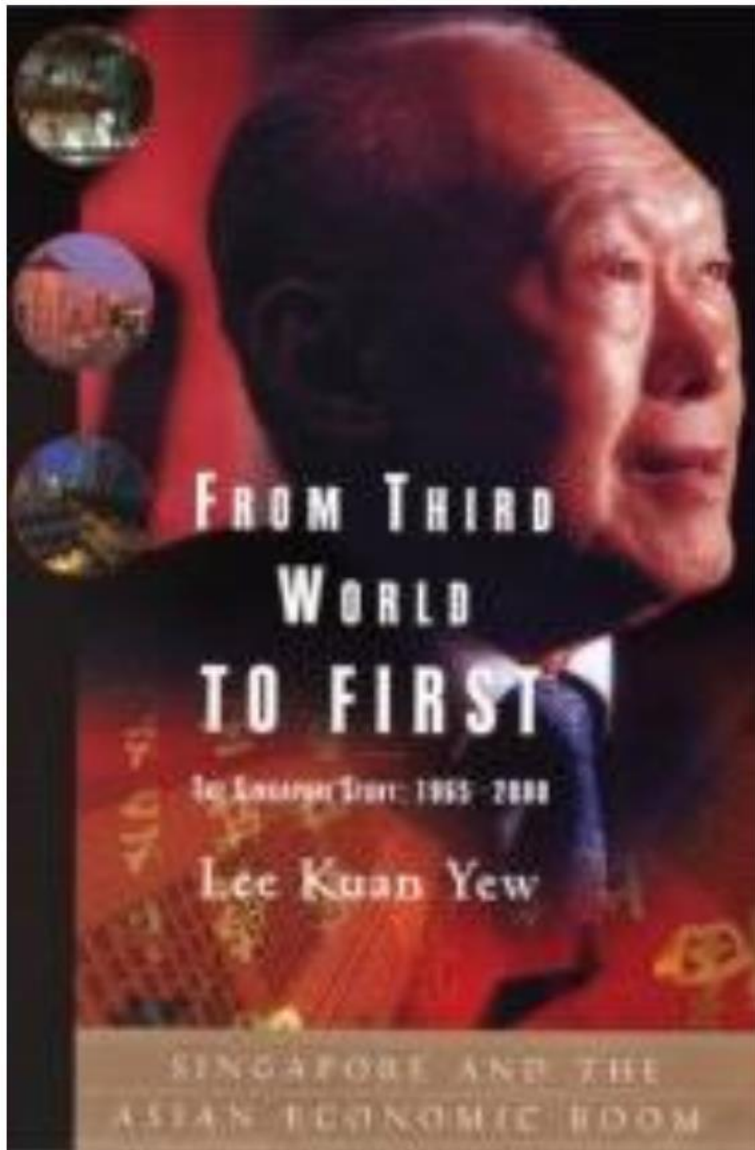


# South Korea Faced the Brutal Facts in the 1960s



- Brutal Japanese colonialism
- Second World War
- Korean War (1950-53)
- 5 million dead
- 25 percent of infrastructure destroyed
- Hardly any natural resources
- 99,720 square km – only 18% arable
- Transformed from an underdeveloped economy to an industrial powerhouse.

# Singapore Faced the Brutal Facts in the 1960s



Chapter 4, Page 87, 2<sup>nd</sup>

Paragraph:

*“If I have to choose one word in explaining why Singapore succeeded, it is confidence. This was what made foreign investors site their factories and refineries here.”*

*Developing value-grounded, no-excuse leaders that will transform their organizations, communities and nations to greater levels of performance and achievement.*

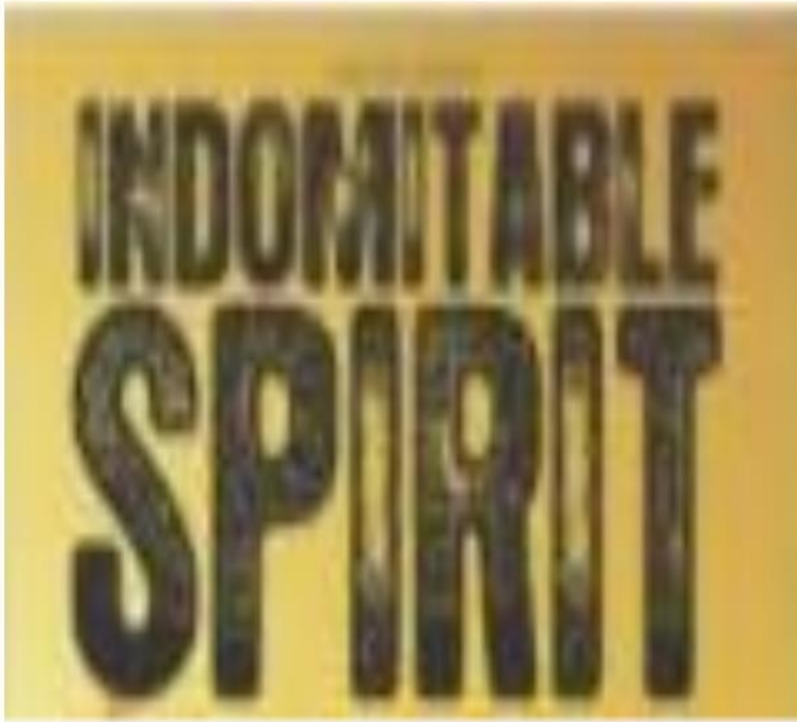
# Developing the Indomitable Spirit



*“I am a slow  
walker, but I  
never walk  
backwards”*

Abraham Lincoln

# Developing the Indomitable Spirit



Walt Disney went to 312 banks before he was financed for his cartoon animations. He went bankrupt seven times

John Creasey received 753 publishers' rejections before the first of his 550 books was published





*It did not matter how bleak the situation or how dampening their mediocrity, the good-to-great companies maintained unwavering faith that they would not just survive, but prevail as a great company. And yet, at the same time, they became relentlessly disciplined at confronting the most brutal facts of their*

## CONFRONT THE BRUTAL FACTS



### FACTS + FAITH

Have strong faith yet confront  
facts of your current reality

*Developing value-grounded, no-excuse leaders that will transform their organizations, communities and nations to greater levels of performance and achievement.*  
**current reality.**



# APPLICATION



*Developing value-grounded, no-excuse leaders that will transform their organizations, communities and nations to greater levels of performance and achievement.*