



Harvard Business Review

REPRINT H012QJ
PUBLISHED ON HBR.ORG
OCTOBER 31, 2014

ARTICLE **ORGANIZATIONAL CULTURE**

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by Gary Hamel

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Large organizations of all types suffer from an assortment of congenital disabilities that no amount of incremental therapy can cure. First, they are *inertial*. They are frequently caught out by the future and seldom change in the absence of a crisis. Deep change, when it happens, is belated and convulsive, and typically requires an overhaul of the leadership team. Absent the bloodshed, the dynamics of change in the world's largest companies aren't much different from what one sees in a poorly-governed, authoritarian regime – and for the same reason: there are few, if any, mechanisms that facilitate proactive bottom-up renewal.

Second, large organizations are *incremental*. Despite their resource advantages, incumbents are seldom the authors of game-changing innovation. It's not that veteran CEOs discount the value of innovation; rather, they've inherited organizational structures and processes that are inherently toxic to break-out thinking and relentless experimentation. Strangely, most CEOs seem resigned to this fact, since few, if any, have tackled the challenge of innovation with the sort of zeal and persistence they've devoted to the pursuit of operational efficiency. Their preferred strategy seems to be to acquire young companies that haven't yet lost their own innovation mojo (but upon acquisition most likely will).

And finally, large organizations are emotionally *insipid*. Managers know how to command obedience and diligence, but most are clueless when it comes to galvanizing the sort of volunteerism that animates life on the social web. Initiative, imagination, and passion can't be commanded—they're gifts. Every day, employees choose whether to bring those gifts to work or not, and the evidence suggests they usually leave them at home. In Gallup's latest 142-country survey on the [State of the Global Workplace](#), only 13% of employees were truly engaged in their work. Imagine, if you will, a car engine so woefully inefficient that only 13% of the gas it consumes actually combusts. That's the sort of waste we're talking about. Large organizations squander more human capability than they use.

Inertial. Incremental. Insipid. As the winds of creative destruction continue to strengthen, these infirmities will become even more debilitating. Few companies, though, have made much progress in eradicating them. Most of the recommended remedies—idea wikis, business incubators, online collaboration, design thinking, “authentic” leadership, *et al*—are no more than minor tweaks. They are unlikely to be any more effective than the dozens of “fixes” that came before them. Remember T-groups, total quality management, skunk works, high performance teams, “intrapreneurship,” re-engineering, the learning organization, communities of practice, knowledge management, and customer centrality? All of these were timely, and a few genuinely helpful, but none of them rendered organizations fundamentally more adaptable, innovative, or engaging. Band-Aids, braces, and bariatric surgery don’t fix genetic disorders.

To build organizations that are fit for the future, we have to go deeper, much deeper. When confronted by unprecedented challenges, like an inflection in the pace of change, the most important things to think about are the things we never think about—the taken-for-granted assumptions that are to us as unremarkable as water is to fish. The performance of any social system (be it a government, a religious denomination or a corporation), is ultimately limited by the paradigmatic beliefs of its members; by the core tenets that have been encapsulated in creeds and reified in structures.

Reflect for a moment on the development of constitutional democracy. Ancient and medieval societies were predicated on the “divine right of kings.” The sovereign was answerable only to God and royal edicts could not be countermanded. Society was ordered in descending ranks of royal privilege and everyone from dukes to peasants “knew their place.” To most of those who lived in this pre-democratic world, the idea of self-government would have been ludicrous, if it could have been imagined at all. Thankfully, a few brave souls like William Penn, Thomas Paine, and Patrick Henry not only imagined self-government, but devoted their lives to making it a reality. Today it’s the imperial alternative that’s unthinkable.

Until we challenge our foundational beliefs, we won’t be able to build organizations that are substantially more capable than the ones we have today. We will fail to build organizations that are as nimble as change itself. We will fail to make innovation an instinctual and intrinsic capability. We will fail to inspire extraordinary contributions from our colleagues and employees.

Most organizations are still feudal at their core, with a raft of institutionalized distinctions between thinkers and doers—between the executive class and everyone else. And most leaders still over-value alignment and conformance and under-value heterodoxy and heresy. Until this changes, our organizations will be substantially less capable than they might be.

This post is part of a series leading up to the [2014 Global Drucker Forum](#), taking place November 13-14 in Vienna, Austria. [See the rest of the series here.](#)

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