

“A leader has no basis for judging other people unless he studies history.”

— Donald Krause, *The Way of the Leader*

Shadow side:

- Trending is based only on past data. What else is there to know? Of course, the past can be a good indicator of the future, but what are the assumptions, boundaries and environments associated with this tool called “trending?”
- First, we need to live in the steady-state environment and in an organizational system believing in status quo. Trending patterns begin to fail us during any discontinuity that comes as an earth-shaking surprise. Consider four major ice ages and the effect that environmental change had on the beasts roaming the plains. I reside in Florida and, with the coming and going of ice ages, Florida may be under water or have twice its current land mass. Any discontinuity could mean selling the waterfront property or buying a houseboat (or ark). Trending has limits to respect.
- Trending can also be abused. Trending misuses often occur when a new leader dictates more control based on trending. Why? Something bad happened and you are in the news. Headlines scream “Lack of Control.” Reaction management implements possibly unnecessary checks and balances and, often, that decision is based on trending.
- Henry Mintzberg, in *The Rise and Fall of Strategic Planning*, explains, “Because planning, in the absence of an ability to control the environment, must rely on forecasting, and because forecasting amounts to extrapolation of known states, existing trends, or recurring patterns, planning typically looks best under conditions of relative stability” [Ref. 1].
- Considering the detailed trends conducted by fiscal analysts which produced misleading indica-

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tors resulting in the subprime meltdown of 2007, author Gary Hamel said, “Wall Street’s whiz kids relied on complicated models to estimate potential risk. Because the models were based on recent trend data, covering a time frame when asset values had arched ever higher, they failed to anticipate the possibility of a major slump in asset values” [Ref. 2].

- Environments can also be affected by chaos. Darryl R. Conner believes that individuals and organizations must surf the unpredictable dynamic, stating “... help people learn to trust the processes they use more than their predictions about forthcoming events” [Ref. 3].
 - I personally recall a time at NASA, during the post-Challenger period, when a new NASA administrator admonished staff to “do more trending.” The reactionary response in every large unit — called a division — was to have a control room filled with large paper graphs taped to the wall showing lines connecting the dots. I still cringe at the thought of wasted personnel hours generating charts that did not influence decisions, drive process improvements or affect design. I’m sure you’ve had similar organizational experiences.
- “A scientific approach to marketing, coupled with the technical complexity of the standard texts, easily distances the marketer from the mind of the customer. It also puts hard limits on the marketer’s imagination,” wrote John K. Johansson and Ikujiro Nonaka in *Harvard Business Review* [Ref. 4]. “To the intuitive Japanese minimalist, the interesting consumer behavior question is simple, ‘What kind of products and services will our customers demand next?’ The answer requires a lot of direct observations and talk with users, not advanced scientific methods.”
- Peter Schwartz, in his book, *The Art of the Long View*, refers to “trend breaks.” Trend breaks are

different from the trend changes taught in statistics and trending math classes. Trend changes are typically gentle and mathematically definable. A trend break is disruptive by every stretch of the imagination. Schwartz believes that trend breaks “are the most difficult to find; novelty is difficult to anticipate.” That is the associated threat. Along those lines, Schwartz also cautions against assigning probabilities for future projected situations “depending on very different assumptions about the future” [Ref. 5].

Summary:

- High-reliability organizations, according to Karl E. Weick and Kathleen M. Sutcliffe in *Managing the Unexpected*, “develop precautionary norms just like everyone else. But unlike everyone else, they use both the small failures and liabilities of success as sources for these precautions” [Ref. 6]. When discussing project portfolio management and the decision gates often associated with this process in their book *Portfolio Management for New Products*, professors Robert G. Cooper, Scott J. Edgett and Elko J. Kleinschmidt never mention useful trends that may emerge if records are kept of project decisions as managers are involved in the portfolio management process. But normal variance, along with standard deviations associated with these trends, can be useful [Ref. 7].
- W. Edwards Deming, in his book *Out of the Crisis*, points out that, “One pattern to watch for is a trend of seven or more consecutive points up or down, or seven or more consecutive points above or below the average” [Ref. 8].
- Daniel Goleman, in his book *Working with Emotional Intelligence*, stresses increasing importance of many soft skills as individuals move up in management and leadership. He identified one crucial cognitive skill: “Just one cognitive ability distinguished star performers from average: pattern recognition, the ‘big-picture’ thinking that allows leaders to pick out the meaningful trends from the welter of information around them and to think strategically far into the future” [Ref. 9]. These leaders consider how trends might impact an organization.
- “Trend is the problem, issue, or opportunity getting bigger or smaller over time. What will happen if we do nothing?” wrote Peter S. Pande, Robert P. Neuman, and Roland R. Cavanagh in their book *The Six Sigma Way* [Ref. 10].
- The question becomes: Can a leader establish a trend in the face of crisis and chaos? Richard Phillips in *The Heart of an Executive* gives an example of when an organization is in dire straits: “But when the executive stands up and declares, ‘The cost-cutting starts with me, with my expense account, and my bonus, and my salary, if necessary.’ And suddenly, what was once an insidious threat becomes a noble crusade for everyone involved.” [Ref. 11].
- We conclude with the late Peter Drucker, who even in 1966 realized, “The truly most important events on the outside are not the trends. They are changes in the trends” [Ref. 12]. ☺

References

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