

# Breaking rules takes you from underdog to industry-threat

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How much do bad rules really cost you?

The study was made famous in Malcolm Gladwell's *David and Goliath*. It's all about how underdogs and misfits can topple industry giants and here's the snapshot: If your military takes on a superior force in the conventional way, you have no more than a 28.5 percent chance of winning.



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However, if you refuse to play by the accepted rules of the game, your chances of winning, as verified by a study of wars spanning 200 years of human history, go up to a whopping 63.3 percent. That's a switch from 'probably will lose' to 'probably will win'.

Sometimes, breaking the rules is incredibly effective.

In 'They're Your Rules, Break Them!' I argue that in the business world, the same dynamic applies, but that it's not about breaking rules arbitrarily. Some rules are incredibly important. Take compliance for example; it's non-negotiable and the cost of breaking rules can be fatal to your organisation.

But some rules can be broken. And sometimes, breaking them can hand you an industry on a platter.

## Rules and norms accumulate over time

As we begin to explore the art of strategic rule-breaking, this keystone idea is important: no system naturally tends towards simplicity. Left to evolve, everything becomes more and more complex, as each contributor builds new layers of rules and norms on top of old ones. Increasing complexity is actually the path of least resistance. Simplicity then, far from being a natural state, requires intelligent design.

It's a big part of the reason that so little disruptive innovation comes from within an industry. Taxi drivers didn't invent Uber, and bankers didn't invent PayPal, because the people within these industries think through the lenses of their own complex norms. It takes a rule-breaking maverick to see a thing afresh and venture that there might be a better way.

## Fight complexity

Take Steve Jobs' obsession with simple, clean, elegant design. In no small part, it's what saved Apple upon his return to the company. But it meant saying no to a great many things. No to an extensive product range – keep it simple. No to extra buttons – keep it simple. No to excessive complexity – the system must be easy and intuitive to operate.

Clearing away clutter, resisting the creep of added complexity and disbanding outdated rules requires intelligent design. It requires challenging existing systems and finding ways to simplify them.

Simplification is an art. It takes effort and it must be championed by willing leaders.

Whether you own the organisation, or work in its mail department, whether you wield enormous power to change things with the stroke of a pen or the delivery of a speech, or are a mere minion fighting the system with nothing more than the power of your personal influence, there are things you can do to bring about change.

## How much do bad rules really cost you?

At the most glib level, mindless adherence to rules and pointless implementation of bureaucracy are merely annoying, and sometimes even the stuff of comedy (Google the *Little Britain* skit 'Computer says no'). But is that sufficient justification to embark on an entire campaign to overhaul your company's systems?

It turns out we can do a lot better than that. There are at least 10 compelling reasons for reducing and relaxing the rules in your organisation. Some impact directly on the bottom line and can be measured in monetary terms. Others also impact on the bottom line, but inadvertently, for instance, by promoting a culture of innovation, which can be lucrative.

As part of your own efforts to change the rules-based culture at your company, this list may be useful as you begin to persuade others to your point of view. What follows are the visible and hidden ways in which rules can hurt your company.

## **The cost of rules**

### **1. Speed**

Rules entail processes that have to be followed. Each process may take a small amount of time in isolation. But pile rule upon rule and even a simple procedure, like ordering stationery, can become an unreasonably slow process. The slower things happen, the greater the total lethargy.

Sometimes useful things are not allowed to happen at all, because a rule flat out prevents them from being done. Other times, a useful idea can't get to market quickly enough. It took Google two years to get all the vetting they needed from Legal and Marketing to release Google+. By then, Facebook had such a critical mass that their product's excellent compliance didn't matter.

### **2. Willingness**

When simple acts are slow to do because of the burden of procedures, the willingness to do them drops. People perceive that going above and beyond is too much trouble. They are trained and conditioned to actively reduce their contribution.

### **3. The burden of frustration**

With decreased speed and increased procedures, the word 'no' is heard so often it becomes a form of cultural conditioning. 'No', applied often, trains away initiative and propensity for risk-taking. 'No' starts to become normative. It becomes your organisation's default setting.

### **4. Mistrust**

The greater the weight of the rules, the more you need people watching people, in order to enforce those rules. In an ideal organisation, where people are trustworthy and operate in a high-trust environment, you require only one person to police each person: themselves. Hierarchy becomes zero-sum and need not accumulate. Utopian? It can be done.

### **5. Poorer decisions**

When power is decentralised, the people at the proverbial coalface can make decisions that are often better suited to their actual environment. They are right there and can see the problems, the nuances and the immediate repercussions. But when the rules state that the decisions must be imported from a geographically separate head office, the decisions cannot possibly take the full picture into account and the quality may suffer. The decisions might also arrive long after the opportunity has passed by.

### **6. Loss of talent**

Feelings of empowerment and a sense of purpose are among the chief needs of employees, indeed, of humans in general. Feelings of disempowerment and a retarded sense of purpose are strong incentives to leave, and among the primary causes of depression in human beings. Maintain a sense of powerlessness and frustration long enough, and you might haemorrhage top talent. This leads to:

### **7. Unhealthy natural attrition**

In a rules-based culture, the highly obedient, low-initiative workers stay; the frustrated innovators and high-initiative workers leave. Taken to its logical conclusion, everyone who remains blindly obeys the rules and kowtows to authority, because no one has the 'radical value' not to. You create the conditions for extreme groupthink.

## 8. Security trumping risk-taking

In cases when rules directly contradict goals – which happens surprisingly often – your people will tend to choose safety and job security over risk and bold action. The possibility of messy innovation attempts is shut down, precluding the possibility of smartcuts that can equal exponential growth. Multiply this behaviour and eventually no risks are taken, severely diminishing potential.

## 9. Silos galore

In a high-rules culture, people tend not to focus on the big picture. They lose sight of the mission. They are terrified of contradicting the internal norms and rules of their team or division, and will tend to prioritise behaviour that creates safety for themselves within that smaller division (silo), over behaviour that helps the company as a whole. They may not even know how their contribution helps the organisation, which can create immense conflict between divisions. Unfortunately, your competition will not honour your internal divisions. They may see opportunity in such weakness.

## 10. Missed opportunity

When an organisation is swept up on the irresistible tide of its own norms, it can almost never see, or act upon, new developments in the market. Start-ups tend to way outperform big organisations when it comes to new ideas and technology, for the simple reason that start-ups have a clean slate. They are not mired in their own norms. They can be much more opportunity aggressive.

The result of these accumulated costs will be that growth will only happen incrementally in your organisation, if at all. They also introduce all the inherent dangers of a behemoth that is unable to adapt to change. Think of it like an old locomotive steam train, running with irresistible momentum on set railway lines.

You may run your behemoth to optimised perfection, but if you're the Kodak of your industry, making film, and you can't adapt your optimised perfection to the new reality of digital, your optimised behemoth will run, perfectly and unswervingly, with great and irresistible momentum, right off the edge of a cliff. Disruption kills off the dinosaurs that can't adapt.

Which rules does your organisation cling to, for no reason other than that the rules have always existed? What if you saw the entire system as what it was: a magnet, accumulating the burden of new rules by the day? And what if you appointed yourself to champion the drive toward greater simplicity and agility? After all, they're your rules. You can break them. And the ones who do so strategically acquire the leverage to topple the industry giants and create truly disruptive innovation.

## ABOUT DOUGLAS KRUGER

Douglas Kruger is the bestselling author of nine business books with Penguin, including the global release: *Virus-Proof Your Small Business*. Meet him at [www.douglaskruger.com](http://www.douglaskruger.com) or email [info@douglaskrugerspeaker.com](mailto:info@douglaskrugerspeaker.com)

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