

The Hanna Concern Way

Reinventing the wheel – The Heart of Innovation

We are not an ordinary organization. We like to reinvent the wheel. That's right! The vast majority of the people think reinventing the wheel is a sin. We think it's the right thing to do. The wheel represents status quo. Every time someone challenges status quo, they are ridiculed for reinventing the wheel. But challenging status quo is the main engine behind innovation. The Wright Brothers reinvented the wheel and now everyone uses their invention. Over time, people replaced the wheel with wings, skis, electric magnets (think Japanese Maglev trains!), and plane nothing (think boats).

Status quo is a disease. Fortunately, we are all healthy. As innovators, we constantly question status quo. We developed our core competency (high impact learning) by questioning traditional learning methodologies. We developed our management style by questioning best practices and things we learned in business school.

Our Management Style

Ordinary organizations are obsessed about having employees, titles, org charts, leaders, business plans, documentation, bureaucracy, processes, and best practices. We don't obsess about these things. In fact, we don't worry about them at all. Here's how we work:

1. We don't have employees, we have partners. Employment creates a number of legal obligations. We don't want to worry about obligations. Employees want constant salaries and benefits. Constant salaries increase fixed costs and put the firm in financial danger. We don't pay salaries. We pay partners only based on the work they do. They pick their own compensation on a project by project basis. At the end of each quarter, we distribute 30% of all profits to our partners. Essentially, we are a community of entrepreneurs.
2. We don't force partners to do the work they don't want to do. Every partner has a right to say no to any request or any project.
3. We don't have leaders. By leading, people diminish the position of others. We work as a team of equals. All partners have an equal voice.
4. We don't have titles or org charts. Everyone is a partner in the firm. No one reports to a single person, but every person is accountable to the entire team. We respect each other and strive to work for the common good. Conflict is okay, but it should be presented and resolved in a respectful manner.

5. We set stretch goals. They may sometimes sound crazy, but we never kill them. Instead of criticizing or questioning validity of ideas and goals, we take the “What would it take to do this” attitude. It doesn’t mean we’ll try to put a man on the Sun, but there’s nothing wrong with the stretch goal of providing high quality education to every child in the world.
6. We make all decisions by quorum. Any partner can make any suggestion and it can be reviewed and approved by majority of the partners. Thus, we can approve new partners joining an organization or we can vote people out.
7. While business plans and strategic planning are nice exercises, they can never guarantee results. That’s why we approach them differently. We don’t forecast sales or anything else we can’t predict. We do, however, engage in scenario planning in order to prevent future problems from happening and to design the future. We don’t mimic our competitors. We don’t want to get to the future in the passenger seat. We want to get there in the driver’s seat.
8. Documentation is nice when people read it and refer to it. But documentation creates bureaucracy if it’s used purely to document a process, set it in stone, and archive it far away from readers. That’s why we will limit our documentation to things we believe are important. The rule of thumb is this: Don’t create a document if no one will read it and if you can quickly retrieve the specific content of this document by simply asking someone else a question about it.
9. Our business model is never set in stone. If we set it in stone, competitors will come in, copy us, and take us out of business. We should constantly reinvent ourselves. This includes reinventing our organization, our business model, our service, our approach, our vision, and our industry. We should make a general assumption that what works today will not work a year or two from now.
10. If we follow a certain process and we don’t know why we do that, we question this process. Is it still needed? Why and how did we design it in the first place? Is there a better way? If we see a problem, we don’t patch it. Instead, we look for the root cause of the problem. Is it time we redesign the entire system? This is our approach for fighting bureaucracy.
11. Best practices are an excuse for not being able to innovate. Many best practices have been developed years ago and are now out of context. That’s why we don’t follow best practices. We question them and develop our own solutions based on problems presented.
12. We always put our partners’ interests above those of our customers. It doesn’t mean we don’t care about customers. But it does mean that we will never work on engagements that hurt our partners. While we are in business to make money, we will never put money above our partners or our firm’s reputation. Many firms state that people are their greatest asset. We actually practice it.



Products, Services, Customers

Ordinary organizations obsess about competition and positioning while they forget the soft stuff – people. We work differently.

1. We don't like competition. We want to monopolize what we do. That's why we use the blue ocean strategy to define our market, go after non-customers of other firms in our field, and constantly think about reinventing the future.
2. We don't like to copy our competitors. Competition is status quo. We invent our own solutions to customers' problems.
3. Customers never know what they want until they see it. That's why we don't ask customers what they want. Instead, we study them and create things they didn't think existed. In the words of Henry Ford, if he were to listen to his customers, he would have developed a new buggy for the horse. Similarly, Steve Jobs wouldn't have designed an iPod, JVC wouldn't have created a VCR, and Martin Cooper of Motorola wouldn't have invented a cell phone.
4. We don't manage our organization as a portfolio of products or services but as a portfolio of core competencies.
5. When dealing with customers, we are relationship, not transaction oriented. We don't view customers by individual projects or financial commitments. Instead, we view them as long term partners. We may give them free or discounted advice today but get business a year from now.
6. We never compete on price. We don't want to be in a commodity business. We charge high prices for premium service. We don't compromise quality of our services or our brand. Our brand should stand for "#1 in the industry" and "the only one of its kind."
7. We want to position ourselves as the very best in the industry and make it tough or impossible to match our offering to that of competition. In fact, we want competition to be irrelevant.