



Profiting From Past Triumphs and Failures: Harnessing History for Future Success

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Abstract (Summary)

The business world is replete with management mistakes at all levels. Although managers spend much time looking to improve decision making and avoid error, they rarely learn from past mistakes. Even the English language reinforces the notion that history is of little value with phrases like "that's history." But to ignore the lessons of history is to fail to utilize an important tool. Some executives fail to learn from history because they think experience is the only effective teacher - others ignore the past out of sheer hubris and arrogance. A few insightful companies like Boeing and Xerox have initiated projects to compare past successes to current projects, but they are the exceptions to the rule. Organizations can learn not to repeat mistakes and to capitalize on past successes by valuing and remaining aware of the past.

"Those who cannot remember the past are condemned to repeat it."

- Santayana (1905, p. 284)

"If your company is like most, you spend thousands of hours planning an investment, millions of dollars implementing it - and nothing evaluating and learning from it."

- Gulliver (1987, p. 128)

The business world is replete with management mistakes at all levels. The Yugo was introduced in the United States in 1985, the lowest-priced automobile on the market. Four years later, however, serious quality problems and poor dealer service bankrupted Yugo's American division. In 1992, Pepsico acquired California Pizza Kitchen and launched an aggressive growth campaign, opening 60 new stores. The inability to manage quality and service in all of these stores resulted in the closure of 17, and Pepsico divested the pizza chain five years later.

Indeed, managers spend much of their time searching for ways to improve the quality of their strategic decisions and avoid such errors. Although this effort is certainly worthwhile, organizations do not always learn from their past mistakes. As the philosopher George Santayana noted - those who do not learn from their mistakes are condemned to repeat them. The same can be said for organizations.

Interestingly, the English language reinforces the notion that history is typically of little value. We commonly use the phrase "that's history" to indicate irrelevance. Even the aphorism, "History never repeats itself suggests that knowing history is dangerous because one can be trapped into believing that the future will be the same as the past (Busby, 1999; Will, 2001). Automaker Henry Ford's remark that "history is bunk" (Bohle, 1967, p. 195) has been quoted with widespread approval in business for more than 75 years. More recently (and more subtly than Henry Ford), Pfeffer and Sutton (2000) asserted that managers should be careful of history as embodied in organizational memory, precedents, and customs and argue that memory should not be used as a substitute for thinking: "Excessive reliance on the organization's memory means that existing practices are rarely thought about, let alone questioned or examined to see if they make sense in the context of what managers know and are trying to accomplish" (Pfeffer and Sutton, 2000, p. 70).

As argued here, a management discipline that ignores the cumulative impact of past events on present events fails to fully utilize the explanatory and interpretive potential of understanding how and why "present [theories and methods] have their particular nature by virtue of their past" (Manicas, 1987, p. 274). Theories of management typically proceed "without reference to historical context and process" (Zald, 1993, p. 82) and a perusal of the contemporary management literature suggests little has changed (Bedeian, 1998).

This ahistorical cast has permeated the management discipline. For example, Viteles (1959) pointed out the failure of the then relatively new job redesign movement to reference classical British studies, conducted during the 1920s, contrasting the effects of uniform versus varied tasks on output, workers' feelings, and so on. Phillips, Bedeian, and Molstad (1991) also noted a continuing neglect of these same studies. The job redesign movement is but one example of a "newer" approach that was, in fact, anticipated in earlier studies that could yet be helpful with ongoing workplace challenges. A second example involves a forerunner of today's self-managing teams. As early as the 1870s, skilled iron workers, with no foreman or contractor, managed themselves, collectively making production, pay, training, and hiring decisions (Montgomery, 1976).

More recently, Sutton, Eisenhardt, and Jucker (1986) discussing the Atari collapse and Dess and Perkins (1999) reviewing Food Lion lamented that both organizations were unable to effectively manage retrenchment in declining organizations and failed to learn a lesson that managers in the "smokestack" industries learned in the deep recession of the 1970s: adaptation in the form of new products and new marketing strategies, not layoffs, is what arrests decline (Mirvis and Berg, 1977). Both Atari and Food Lion continued to do what they were doing while reducing staff. Such an approach is consistent with Staw, Sandelands, and Dutton's (1981) threat-rigidity effect wherein people and organizations respond to problems by clinging even more tightly to what they do best while rejecting new approaches.

Additionally, Bluedorn (1986) commented that despite the quality of these writers' ideas, a disappointing amount has been forgotten and ignored over the generations in large part due to lack of appreciation of history. What has not been forgotten, ignored, or misinterpreted has not figured prominently in the more current literature. For example, Taylor established a number of principles, the first of which was "A Large Daily Task" (Taylor, 1903, p. 63). The idea was that

each member of the organization should have a "clearly defined task" assigned each day, and the task should be "circumscribed carefully and completely," be neither "vague nor indefinite," and "not easy to accomplish." This principle contains a rich amount of strongly supported management ideas. Setting a "clearly defined task" is simply another way to prescribe the setting of specific goals, which has been found by contemporary researchers to be a powerful motivator (Locke and Latham, 1990). Taylor advocated setting challenging but attainable goals many years before these ideas gained prominence in goal-setting theory - but this seems to have been lost on current researchers.

Yet Taylor has become the most popular target of modern management thinkers. He is often vilified as the "epitome" of anachronistic managerial methods (Economist, 1993). Unfortunately, many who think of Taylor today "tend to think of dehumanizing time-motion studies" (Wood, 1989, pp. 71-72). The fundamental aim of Taylor's philosophy, however, was to replace rule-of-thumb opinion with scientific study in a search for the best way to manage. As explained by Locke (1993, p. 158), "today's manager has the same goal." Ironically, an appreciation of this common goal lies at the heart of Japanese managerial success. As described in the Forbes's article "A Lesson Learned and a Lesson Forgotten" (Wood, 1989), what Japanese businessmen learned about management after World War II, they learned from Americans. What Japan learned, and the U.S. forgot, was the lesson of Taylorism, a lesson now known as the systems approach to manufacturing: the notion that every part of an organization should be scientifically analyzed and redesigned to achieve the optimum output (Wood, 1989). Examples of U. S. companies now embracing Taylorism abound (Wood, 1989).

History has been neglected frequently not only in management but also in education. For example, educator pay-for-performance (i.e., paying teachers for increases in student performance, typically as measured by test scores) is not a new issue. England incorporated the practice into its education system in 1862. The "cult of the cash register" (Wilms and Chapleau, 1999, p. 10) was eventually abandoned in the 1890s under charges that it narrowed the curriculum and stifled teacher creativity. In the United States, the idea of a "performance contract" made its debut in 1969 during the presidency of Richard Nixon. The experimental efforts were eventually abandoned in the wake of concerns about fairness, objectivity, funding support, and poor results (Wilms and Chapleau, 1999). Nevertheless, in 1998 New York City schools embraced a program to pay \$30 million to superintendents, principals, and teachers if students' test scores improved. The article announcing this initiative noted that although this approach had not yet been tried in New York City, it had been implemented elsewhere (e.g., in Kentucky, Texas, and Pennsylvania), with poor results such as infighting between teachers and staff, anger among parents, widespread grade inflation, and numerous instances of cheating by teachers to boost student scores and their own salaries (Kennedy, 1998; Schorr, 1983; Stecklow, 1997). Apparently almost nothing had been adapted on the basis of previous experience either about what to do or how to do it, even though that experience was well documented.

We believe, however, that much can be gained from a thoughtful review of history and the perspectives subsequently obtained. The (sometimes unspoken) assumption is that people learn from their pasts because they are aware of them. History is society's memory, and, while not essential to social survival on a day-to-day basis, it helps place events and situations in perspective. It reinforces the idea that present events often follow past patterns, that challenges

can be overcome, and that the new and revolutionary are recognizable and meaningful, if not redundant (Danborn, 1999; McPherson, 1996).

Likewise, memory is important for organizations. Memory is the main component of "learning organizations," a concept that took seed and gained recognition with the publication of Peter Senge's (1990), *The Fifth Discipline*. Just as individuals cannot progress without remembering past knowledge and experience, so organizations cannot advance without institutional memories (Willard, 1994). Yet many organizations seem to have something similar to Korsakov's Syndrome in which long-term memories suddenly disappear because victims of the disease are unable to form new long-term memories and also lose some or all of their accumulated knowledge. Imagine how difficult it would be to wake up with each day without knowledge of the day before. Yet, this is what seems to happen in organizations when decision makers are indifferent to the past. By failing to reflect on history, valuable knowledge escapes, or worse, is intentionally forgotten.

Research supports the notion that organizations, like individuals, do not always value history as much as they should. Indeed, even when businesses do conduct post-project reviews they only superficially refer to history. In four organizations that Busby (1999) studied, just six historical references were made in 12 hours of review meetings leading him to encourage organizations to pay attention to the past and to ask whether similar things had occurred historically. As he suggested, when organizations do not appreciate history, they are less able to differentiate between systemic and unique problems, and they tend to generate excessive confidence in any planned remedies.

The subsequent sections of this paper examine why history is not always appreciated and then cites organizations that do pay attention to their past successes and failures. It ends on a prescriptive note offering an efficient way for organizations to stay in touch with their histories to improve their future undertakings.

Learning from the Past

Why history is not appreciated

Underlying many organizational members' inability to appreciate history is their belief that experience is a necessary and sufficient teacher in its own right. According to this viewpoint, if a person has an experience, they will necessarily learn from it, and if an individual did not have the experience, they will not learn from someone who has. Certainly, while some believe that people learn best about becoming effective managers by learning from their own experiences (e.g., Dunder, Kocaoglu, and Eng, 1992), others say people do not automatically learn from their own experience (Argyris, 1977; Busby, 1999; Eraut, 1994; Farson, 1997). People have to test new experiences against their existing knowledge and revise that knowledge in order to learn, i.e., individuals have to consciously reflect on it, otherwise what often happens is ". . . ten years of experience equaling one year's experience and mistakes repeated ten times" (Randolph and Posner, 1988, p. 70). Martin (2002) even suggests "A better teacher is 'other people's experience'" (p. 1). And this is exactly what a retrospective analysis provides.

A final contributor to a lack of interest in the past is the hubris, the exaggerated self-worth or self-confidence and sense of invincibility characteristic of the boardroom (Hayward and Hambrick, 1997). Many executives, reported Finkelstein (2003), ". . . were not only arrogant - they were proud of it" (p. 169). Due to this perception of superiority, they were reluctant to learn from the successes and failures of others. The problem with exaggerated pride is that executives come to believe in their own infallibility and are reluctant to examine and learn from the past. Frequently, highly arrogant executives have the audacity to believe that they will not make the mistakes that others made and, therefore, there is little if any reason to review the past. They appraise their own projects and investments only after they have come to fruition. The focus is constantly on the issue, project, or problem of the moment or the ones around the corner.

Others actively loathe anything related to the past, to their detriment. Nowhere was this more evident than at bankrupt energy broker, Enron. McClean (2001) described Enron as a culture of arrogance epitomized by the banner in its corporate lobby: "The World's Leading Company" (p. 60). McClean suggested that Enron believed that older, stodgier competitors had no chance against the sleek, modern Enron juggernaut. The past, including successful corporate giants, many with long and rich histories, was scoffed at. "These big companies will topple over from their own weight," former CEO Jeff Skilling bragged in 2000, referring to old-economy behemoths like Exxon Mobil (McClean, 2001, p.60). Several years previously "Skilling told all the energy folks he was going to eat their lunch," recalled Southern Co. executive Dwight Evans (McClean, 2001, p. 60). We hope Enron's implosion will not be lost on others in the future.

Extraordinary organizations that learn from history

Some organizations establish processes that require managers to periodically consider and learn from past failures and successes. Such reviews become a natural and integral part of their operations and have been found to be particularly effective in military organizations (Lipshitz, Popper, and Oz, 1996). In the private sector, examples of those learning from past errors include Boeing management who, immediately after discovering difficulties with its 737 and 747 airplane programs, conducted an exhaustive project review. To ensure that problems were corrected and not repeated, senior managers commissioned Project Homework to compare development processes of these planes with those of the 707 and 727, two of the company's most error free. The project team produced hundreds of recommendations. Consequently, several members of Project Homework were transferred to the 757 and 767 start-ups where, guided by their past experience, they produced the most successful, error-free product launches in the company's history (Garvin, 1993).

Xerox, taking a different tack, asked the consulting firm of Arthur D. Little to focus on its past successes. In a two-day "jamboree," the consultants documented Xerox's most successful practices, publications, and techniques in order to repeat them in the future (Garvin, 1993). British Petroleum went even further with its historical orientation and established a postproject appraisal unit to review large business undertakings, including joint ventures, acquisitions, and major construction projects. This unit helped the entire company learn from mistakes and repeat successes (Gulliver, 1987).

Despite these notable examples, relatively few organizations implement such practices, and few commentators explicitly encourage their use even as they discuss lessons learned and project reviews (e.g., Denker, Steward, and Browning, 2001; Graham, 2000; Randolph and Posner, 1988; Youker, 1999). If experience is often the best teacher, as the saying goes, why is it that many organizations seem oblivious to lessons of the past? This is partly because many of the analytical aids used by managers for making strategic decisions, such as SWOT analysis and portfolio matrices, emphasize a firm's current position, while others, such as scenarios, emphasize future possibilities or forecasts (Hopkins, 1999).

Another problem with the successful examples cited is that they do not provide a framework for action or address issues concerned with personal and organizational reluctance to conduct historical analyses. Recommendations from spotlighted companies often are too abstract for general implementation, leaving many specific questions unanswered. How often, for example, should historical analyses be conducted? Who should conduct them and who should attend? How and to whom should the results be disseminated? What is the best format for the reviews? What policies and programs must be in place to take advantage of newly acquired wisdom? Most discussions of retrospective analyses finesse these issues (see Busby, 1999, for an exception). Their focus frequently is philosophy and grand themes, sweeping metaphors rather than gritty, operational details for doing and using.

Kleiner and Roth (1997) offered more detailed suggestions in their learning histories methodology to capture the lessons of institutional experience. Most managers, however, get queasy when they read: "We spent three months interviewing 45 people connected with the Epsilon project - from engineers to secretaries, and up the ladder through AutoCo management. We then spent three more months sifting through the thousands of pages of interview transcripts for meaningful, representative quotations; constructing the most relevant narrative story line; distilling central themes to be illuminated; confirming all quotations with the original interviewees; and putting together the 89-page "book" (Kleiner and Roth, 1997, p. 175) [italics added]. Indeed, this Herculean effort cost untold tens-of-thousands of dollars in employee time and outside consulting fees. A project of such magnitude would scare many executives. A simpler, yet efficient approach is needed suggesting how historical lessons can be processed by an organization and translated into more effective action. Before offering such recommendations, we discuss why organizations ignore their pasts.

Learning From Successes and Failures

Learning from past failure ?

We often hear or read of business success stories and tend to remember more positive events than negative ones. Reviewing 52 studies, Matlin and Strang (1978) found a persistent recall advantage of positive over negative information, a phenomenon they termed the "Pollyanna Principle." These studies also revealed that positive material is recalled faster than negative material. Studies of autobiographical memories have corroborated a tendency to remember a higher proportion of positive events than negative ones (Ehrlichman and Halpern, 1988; Wagenaar, 1986). People also tend to take less responsibility for failed outcomes. Negative feedback, failure experiences, and rejection are among the most aversive events people

experience, and they actively attempt to keep the implications as narrow and as neutral as possible or ignore them altogether to reduce emotional pain and damage to their self-esteem.

Evidence, however, shows that negative information once confronted, can actually lead to more consideration and analysis than positive information. This suggests that, in general, there may be more to be gained from negative events than positive ones (Finkelstein, 2003; Peeler and Czapinski, 1990). In a study of more than 150 new products, Maidique and Zirger (1985) concluded that "the knowledge gained from failures [is] often instrumental in achieving subsequent successes. . . . In the simplest terms, failure is the ultimate teacher" (p. 299) and this "teacher" is anchored in past experiences, perhaps of others. Similarly, there is research demonstrating over a wide variety of situations that people pay greater attention to and are influenced more by negative information than by comparable positive information (for reviews, see Fiske and Taylor, 1991; Kanouse and Hansen, 1972; Taylor, 1991).

When an assistant asked the famous American inventor, Thomas A. Edison, why he persisted in trying to discover a long-lasting filament for the light bulb after failing thousands of times, he replied that he did not understand the question. He explained that he had discovered thousands of things that did not work (Michalko, 1996). When an experiment failed, Edison would always ask what the failure revealed and would enthusiastically record what he had learned for future reference. Innovative organizations tolerate failure as the price of future success, but to consistently turn failure to success it must be recorded and reexamined periodically.

Some firms have included the notion of failing in their company philosophy. One organization noted by Peters and Austin (1985) indicated in their formal written philosophy: "We tell our people to make at least ten mistakes a day. If you are not making ten mistakes a day you are not trying hard enough (p. 180)." To be a supporter of failure does not mean being a supporter of slipshod performance. Instead, the issue is good tries that fail, well-planned attempts from which one explicitly learns something. There must be tolerance for error and while such a viewpoint is important what is not stated is that all these efforts, no matter how effective or lacking in the moment, must be passed along to others. Otherwise, all best efforts and achievements ". . . will be lost like tears in rain" (Scott and Deeley, 1982) unless someone has the insight to make the past a part of the present.

Learning from past success

Although numerous books tout the success of organizations or leaders, the classic one on selfdevelopment by modeling the success of others is Peters and Waterman, *In Search of Excellence: Lessons from America's Best-Run Companies* (1982), which is widely credited with creating the management guru industry. The authors investigated the qualities common to 43 of the best-run companies in America, suggesting that excellence is achieved by imitating the highlighted organizations and implementing the eight rather commonsensical principles. However, a mere three years after *In Search of Excellence* became world renowned, *Business Week* found that 14 of the 43 (33%) no longer met Peters and Waterman's criteria for excellence (Von Bergen and Soper, 1995).

In contrast, consider the impact *In Search of Excellence* has had on American and worldwide management practices. Firms spent untold millions of dollars modeling themselves after the "remarkably successful" institutions touted by Peters and Waterman. The moral might be to study "successes" from a more historical perspective, one that examines businesses with substantial track records over the long run, instead of momentary snapshots.

Even so, learning from success may be problematic, as indicated by Leslie Wexner, CEO, The Limited, Inc., who said that "Success doesn't beget success. Success begets failure because the more that you know a thing works, the less likely you are to think that it won't work. When you've had a long string of victories, it's harder to foresee your own vulnerabilities" (1994, p. 161). Lastly, Dess and Picken (1999), in reviewing the Food Lion grocery chain, indicated that an organization's strengths, no matter how great, may not necessarily translate into sustainable competitive advantages in a different competitive environment.

Creative destruction: In search of new successes

Not only can organizations learn from past successes, they can also use these successes as a springboard for greater innovation and creativity. This process is embodied in the concepts of entrepreneurship and innovation presented by Joseph Schumpeter, the famous 19th century Austrian economist. Schumpeter (1950) saw an entrepreneur as a pioneer whose role is to "reform or revolutionize the pattern of production by exploiting an invention or . . . an untried technological possibility for producing a new commodity or producing an old one in a new way, but opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry and so on" (p. 132). Contrary to other competing entrepreneurship paradigms, the entrepreneur in Schumpeter's view is not focused on discovery per se, but adds value by implementing some sort of breakthrough.

The entrepreneur's job is to fuel capitalism through innovation, implementing significant changes to the status quo that break up the old and create the new. Successful entrepreneurs have a three-fold ability to foster innovation: (1) to perceive new opportunities, (2) to plan for their implementation, and (3) to break down any societal resistance so the implementation can succeed.

By definition, innovation is a process implemented by entrepreneurs. Schumpeter (1934) identified five types of innovation: (1) new products, (2) new materials or resources, (3) new markets, (4) new production processes, and (5) new forms of organization. It often occurs through the process of creative destruction, whereby managers consciously and constantly destroy the old by recombining its elements into new forms. Creative destruction is the process by which organizations understand the role of the past in creating the present and therefore attempt to "destroy" present successes in pursuit of future ones.

Schumpeter's notion of creative destruction was not new, however, and had several similarities with Hegelian dialectic logic (Hegel, 1952; Rychlak, 1976). As philosopher Mortimer Adler (1927) noted, the dialectician sees no meaning without knowledge of an opposite. Left only exists within the right-left context, good is only appreciated within the good-evil context, and so on. Opposing ideas - thesis and antithesis - are predisposed to merge and become one to resolve

the contradictions. The newly merged idea or synthesis must, to obtain meaning, create its own opposite, ultimately continuing the dialectic process.

The dialectical approach recognizes two distinct types of change (Adler, 1927). First, incremental, continuous change is generated through the negation of the negation and the mutual interpenetration of opposites (Hegel, 1952). Incremental change is primarily concerned with improvements in efficiency. Second, sudden, revolutionary change - similar to Schumpeter's creative destruction - concerns the transformation of quantity into quality and is primarily concerned with effectiveness. However, one could argue that either incremental or revolutionary change could result in improvements in efficiency and effectiveness.

Similar to Schumpeter's view of economic development through capitalism, dialectic logic suggests that no state of being is sustainable. Because the environment is always in flux, successful firms must continually change as well. The factors that create success will, in the absence of restraining or countervailing influences, eventually lead to failure or self-destruction. A high level of success can even blind managers to the need for constant change (Parnell, Lado, & Wright, 1992). As Vandebrook warned:

But life, disconcertingly and reassuringly, is bigger than straight line logic; it conforms with a kind of curved logic which turns things around and often, before you become aware of it, turns them into their opposites.

Pacifists become militants.

Freedom fighters become tyrants.

Blessings become curses.

Labor saving devices become intolerable burdens.

Help becomes hindrance.

More becomes less.

- (Vandebrook, 1978, p. viii).

Recommendations for Managers

Several recommendations for manager can be gleaned from this perspective on historical success and failure.

(1) Managers should resist the notion that today's source of competitive advantage will be eternal; instead, pursue creative destruction. A large stream of current research is concerned with the development and attainment of sustainable competitive advantage. To the contrary, organizations may be better advised to accept that notion that no competitive advantage is sustainable and focus instead efforts to recombine resources to develop new forms of

competitive advantage. There is truth in both perspectives. Hence, top managers should engage in three pursuits simultaneously. First, they should seek to "stretch" the sustainability of current forms of competitive advantage. Advertising campaigns, competitive positioning, and various minor product or service enhancements can increase the duration of a particular competitive advantage. Second, recognizing that all good things must come to an end, they should also emphasize the constant development of new forms of resource combinations, preferably those with the potential for greater sustainability. This pursuit of creative destruction recognizes that innovation does not just happen but usually springs from conscious activity. Managers should also seek to acquire the types of resources (i.e., valuable, rare, and not easily imitated) that will foster the development of somewhat sustainable competitive advantage through innovation. Indeed, all resources are not created equal. It is logical, for example, that an organization with creative employees, a strong innovative culture, and access to capital is likely to outperform one that lacks these critical resources.

Finally, at a deeper level, managers should recognize that managerial infatuation with success is not healthy for the organization and should be guarded. Indeed, organizational prosperity can ultimately lead to poverty. Specifically, success may foster a belief in maintaining the status quo (e.g., "If it ain't broke, don't fix it."). Such a conviction may culminate in illusions of grandeur and invulnerability (Janis, 1972) and may escalate commitment to a favored technology. For example, a successful organization perceiving itself as invincible may resist innovation, the prospective savior of its own destruction. Thus, complacency may be the nemesis of prosperity.

Success that is technology-based may result from high innovation but may also lead to a commitment to technology that may become obsolete. For example, Texas Instruments, once the technological leader in the electronics and semiconductor industry, became blinded by its prowess to new rules of international competition (especially from Japanese firms). Thus, the firm became too committed to the very technology that had previously propelled it to a leadership position.

(2) Consider the second and third iterations when developing solutions to organizational problems. A presumed positive effect from implementing an ostensible solution can be overshadowed by negative responses to the change. Take, for example, participative decision-making, a largely positive approach. A number of scholars have suggested that organizational effectiveness increases as an organization evolves toward a consensus decisionmaking approach (O'Brien, 1995; Tseo and Ramos, 1995). However, participative decisionmaking may lead to perceived managerial power loss and an inability to effectively implement future decisions that may be difficult or unpopular (Pollock and Colwill, 1987). Thus, the notion of full consensus as a necessary requirement for effective decision-making may be flawed in that its realization can result in a decline in organizational effectiveness.

(3) Managers should recognize that they can be instrumental in promoting a dynamic, innovative organization. They can highlight threats to the organization that may lead to uncertainty and disorder if change does not occur (Schein, 1990). They can articulate a new direction and a set of assumptions, thus providing a new role model (Hanna, 1988). They can try to hire innovators as new employees and channel rewards to innovative members of the organization (Walton, 1987).

(4) Managers should periodically review their organizations projects and activities, as well as those of others and consider what has gone before, not just where they think they are going. Benchmarking can assist in this process. Such an analysis should be devoted to reviewing key achievements and shortcomings, organizational goals and initiatives, and processes and outcomes. Benchmarking, as defined by Xerox, is the continuous process of measuring a company's products, services, and practices against the world's toughest competitors to identify areas for improvement (Ford, 1993).

Conclusions

Progress is ultimately limited by our inability to learn from past successes and mistakes, both our own and others (Veronesi, 2002). Every journey requires that we understand the point we would like to reach and the point from which we start. All too frequently, organizations focus on the former to the exclusion of the latter. The finest resources will not assist in this journey if we only have goals and do not know our starting points, or anchors. The past provides the anchors from which we reach out. Without knowing where we start, we are doomed to travel at random, or worse, in what might be harmful directions until we thrust our organization over a cliff. This has happened time and again.

It will be interesting, for example, to see if American industry's remarkable shortsightedness with respect to Japan's industrial emergence will repeat itself in China. Licensing advanced U. S. technologies to Japanese manufacturers, particularly in the 1960s, created a pace of technological leapfrogging hitherto unseen. The infamous licensing of the transistor by AT&T to Japan catapulted Japan into the modern electronics age (Leitner, 1999). Similar actions, repeated in a host of different product lines, demonstrated the Japanese strength to recognize, assimilate, and commercialize good ideas, whatever their origin. Will these mistakes with respect to Japan occur again with China?

Organizations can learn not to repeat mistakes and to capitalize on past successes by valuing and remaining aware of the past. We have offered a number of reasons for taking a larger view of business situations. Readers are encouraged to use these ideas in ways that fit the needs and circumstances of their organizations.

[Footnote]

1 Such a phenomenon appears to characterize not only executives in business but also senior military officers. For example, Kroll, Toombs, and Wright (2000) provide an insightful analysis of Napoleon Bonaparte's tragic march home from Moscow in 1812 as a lesson in hubris.

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