

# BUSINESS MODEL

## TRANSFORMATION:

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LESSONS FROM SOCCER AND HOCKEY





I

n the early 90s, more than two decades since its last World Cup championship title, Brazil hungered for the trophy more than any other country on earth.

Yet the scars from its 1950 campaign were still not totally erased. Dubbed as the saddest day in Brazilian soccer history, July 16 1950 was the day Brazil lost the championship to Uruguay right on their home soil, and the winner's speech prepared for Brazil had to be scrapped.

At this point, you may be wondering what the Brazilian soccer story has to do with business. Surprisingly, the analogy can ring more bells than you think.

## BRAZILIAN SOCCER DILLEMA

**B**ack to the 1990s, during the run-up to World Cup of 1994, coach Carlos Alberto Parreira was determined not to let history happen again. But, he only knew too well the magnitude of challenge faced by Brazilian National soccer team.

On one hand, the cheering of endeared crowds as soccer legend Pelé and his teammates lifted the World Cup trophy in 1970 still reverberated in his head. On the other hand, the grief-stricken silence of nationwide fans as they watched Uruguay took away their dream in 1950 was hauntingly real.

Somewhere in between the juxtaposition of the past and present, coach Parreira pondered upon the



Brazilian samba-inspired way of playing soccer. In a country where every schoolboy dreamed of being Pelé, arguably the best soccer player in Brazil's history and the most well-known on earth, it was hard to tell people to play differently. Brazilian children were always taught to play soccer with flair. They were enamored with the wizardry of foot play and dribbling, of playing soccer with very nimble dexterous touch of feet.

But the famous method of Pelé was not working anymore. The dry spell of World Cup titles despite fiery displays of skills between 1971 up till the early 90s stood as a daunting reminder.

What previous coaches did not realize was soccer had changed a lot on the global landscape since Brazil's last creative zenith in 1970. As the sport became increasingly popular in Europe, people there started to

practice their own soccer philosophy which seemed to counteract Brazil's individualistic and improvisational style.

**"But the famous method of Pelé was not working anymore."**

Germany, Italy and the Netherlands began to make their names more prominent in the World Cup finals. Soccer was played on Astro-turf by powerful players and teams who played like network of players passing the ball rapidly to each other rather than keeping it to themselves. In other words, the network structural, defensive and strength-based style of European soccer had trounced the individual Brazilian wizardry.

## THE CHAMPION'S COMEBACK

Coach Parreira knew the painful time had come for a total transformation. It was not as though Brazil had never had that spark of Europe's tactical organization before. In fact, in the very last year of Pelé's appearance in a World Cup, Brazil did adopt a compactness-based style where the team attacked in blocks with some cohesiveness between different sectors.

The job of coach Parreira then was to ignite the will to change, even



if it meant starting from the root.

While it was not possible to change the entire soccer mentality from 5-year-old children in time for the upcoming World Cup, he determined that he would have to change the selection practices. In fact, his idea was so humorous that it was almost equal to creating a holistic large-scale business transformation that most CEOs have to do at least once every three to five years in their businesses today. Fortunately, in 1994, Brazil made it, they won their fourth World Cup champion title. Despite being rather flat and lacking in flamboyant, spectacular footwork, the functional Brazilian unit defeated Italy and marked its successful re-assertion as a formidable team. Under coach Parreira's guidance the team was able to learn the new model of the game, putting behind the time when it seemed the entire future of South American soccer was in doldrums.

There is a lot to learn from this transformation feat of Brazilian and South American soccer. Their teams have moved from an indi-

vidual-based game to a network of players moving together in formations, conquering the opponents by outwitting them, by outsmarting them, and by outnetworking them by using a better method.



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In early 90s, more than two decades since the last World Cup

**“Brazilian soccer team’s transformation from an individualistic style of play to a network style game was a highly celebrated success.”**

championship title and Brazil faced an interesting juxtaposition – continue with what led to past success of Pelé and his peers, or move on with the new rules of the game. The new rules were clear – minimise the individual wizardry of foot play, dribbling and nimble dexterous touches, and replace these with the

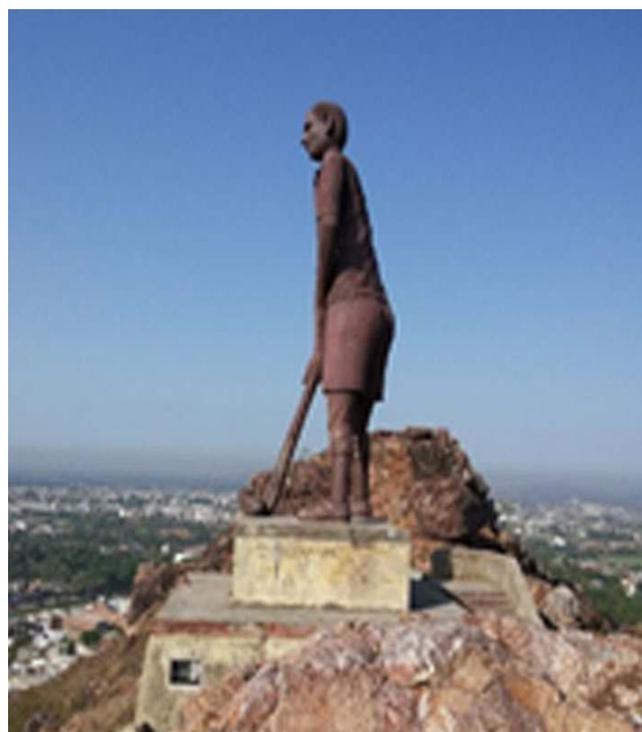
power-play of networks of players moving in formations to conquer the opponents by outwitting them, by outsmarting them, and by outnet-working them using a better method. Having lived and worked in South America – Chile, Argentina and Brazil in early 90's I witnessed this transformation and saw how Brazilians successfully lifted the cup in 1994. Many other South American teams continue to struggle between the past and the future, despite the knowledge and exam-

ple of Brazil's successful methods. Uruguay, Chile and Colombia come to mind as good examples. What keeps them from making a full transition to the future method? That is a topic for next section in this article where I will talk about another national team - in another sport - which never made the transformation. I am closely connected to that team and there is much to learn from them too - though it is not as happy story.

## INDIAN HOCKEY CRISIS

**J**ust as success stories provide impactful learning opportunity, stories of failure are sometimes provide even bigger learning opportunities. Seeing where others fall, the traps and landmines they encounter can also guide you to the right path. Take the story of India's hockey for instance.

I grew up in India which was mad with field hockey at that time. And for a good reason. Believe it or not, at one stage India was the top team in field hockey in the world. In fact, the boarding school I went to in Punjab was not very far away from a dusty village which had the unique claim of having sent 5 out of 11 national hockey players who won the a gold medal for India. The peak of India's hockey was from 1928 to



1956, during which six consecutive Olympic gold medals were brought home. Their exploits were legendary. Even today you can talk to the Indian hockey aficionados – or simply google the name Dhyan

Chand – to get a flavour of what I am talking about.

However, at some point in the early 50s, the nature of hockey started changing. The grass field was replaced with Astroturf; the wooden hockey sticks were replaced with the ones made of composite fibre or other man-made material. As it happened to soccer, the way of playing hockey was also changing from individual wizardry with a stick to network of players playing in formations, passing a ball rapidly to each other in order to outwit their opponents.

For a multitude of reasons, Indian hockey players, coaches, administrators and other staff members never managed to get their act together. Many said it was a lack of commitment, pure ignorance or a rest-on-laurels attitude.

**“The way of playing hockey was also changing from individual wizardry to network of players playing in formations.”**

I still remember training for hockey at a young age where the coaches emphasised individual skill, practice and dedication over formations, teamwork and game-plans. In their mistaken belief that what worked in

the past will also work in the future, they continued to tell us legends about individual players practicing barefoot for whole nights in the moonlight with misshapen wooden



sticks.

The Indian Hockey Federation (IHF) did not encourage practicing or even building Astroturf facilities. Moreover, instead of having the will to change, there seemed to be more of the will to blame. Fingers were pointed without any point made or scored. Even though still considered as a national sport, field hockey has failed to capture its own golden age essence and the glory seems to have been transferred to cricket.

From being a default player in every final of hockey, India is nowhere to be seen on the world's hockey map

today.

So what can be learnt from this sad tale of Indian hockey? Are the lessons same as those from the happy story of Brazilian soccer? Which story make the lesson more graphic

and useful? Can businesses use any of this knowledge for the changing business landscape? What is changing in the business landscape that makes transformation necessary? Is there a better method for business transformations?

## LESSONS FROM SOCCER (and hockey)

**T**he parallel between these sport stories and business is profound: what happened with these two games, has also now happened in today's business world. A company can no longer afford to play the game of business on its own, like a wizard. In fact, as I have mentioned in one of my blog entries, a company is known by the company it keeps.

**"A company can no longer afford to play the game of business on its own."**

Today, a network of companies comes together, and pass the information and material to each other at various points, which creates the wizardry and allows them to outsmart their competitors in today's market place. Every company does this – but only those which are most skilful at it win.

Only a handful of companies have fully realised the new rules of the game; and there are no more than 10 people on the planet who can help CEOs achieve this type of business model transformation. Why? Because business model transformation of this type is not easy. In fact it is much more difficult than changing the game plan in soccer and hockey in the example given above.

So what are the lessons from Brazil's success and India's failure to transform the model of game?

## *Understand changes in the environment*

**T**he first lesson is that you need to pick up the currents of change on your horizon. Lots of companies do not maintain a strategic perspective to be able to detect the change of business model early enough, while the change is taking place. Sometimes they do not notice the change even after the business model has totally transformed.

For instance, India did not notice the full extent of change that had happened within the world of hockey. There are still teams in South America which have individual soccer wizards but simply fail to stand the onslaught of European winning machines who play like a network passing the ball to each other.

**“Businesses also need to notice the change well in time, to be able to do something positive about it.”**

Moreover, businesses also need to notice the change well in time, to be able to do something positive about it. Lots of companies, people, and administrators notice the change when it is too late to do anything about it. Indian hockey is a prime example. By now it is well and truly registered in every Indian hockey player psyche why we have lost out on the global hockey front.

## *Commit to change*

**I**ndian hockey may from time to time, blame the lack of resources for their slide in international ranking. Putting the blame's justifiability aside, the point remains that you must make sure you have all the necessary resources and commitment for the big move. Otherwise, not having enough resources, or thinking you do not need too much resources, will leave you in a state not much happier than the Indian

hockey team today.

Apart from financial resources, you also need mental resources or the willpower to make that leap from the old mode of working to the new one. Coach Parreira more or less had to change people's perception of success when he geared the Brazilian soccer team up for the 1994 World Cup. Memories of decades of street soccer and individualistic

style needed to go. The same for India's hockey story. Yet only Brazil succeeded. Why? Because they committed 100% to changing the status quo.

In other words, you need to stick to the transformation path till the end. There will be times when you will be tempted



to revert, or take shortcuts because it is always easier to do things that come habitually. But it cannot be emphasized enough that you have to keep sticking to it till the new model becomes the way of doing things, till the new way of

playing soccer is the only way you play soccer.

## *Update the stories or legends*

**L**egends and stories, of who you revere and why, are very powerful way of communicating what is important. People are naturally wired to retell the legends, and to try and live up to them. They become the norm, or what is considered acceptable by the majority. The norm is driven or constructed by extraordinary people with inspiring stories over time.

Therefore, to encourage a change in habitual thinking that facilitates transformation, the stories or legends need to be changed in people's mind. A historical example

comes to mind is China's socio-economic transformation led by Deng Xiaoping in the 80s.

Back then, Deng's task was to change the stories that had been so ingrained in people's minds during the years of China's previous leader – Mao Zedong. After proclaiming the founding of the People's Republic of China (PRC) in 1949, Mao and other Communist leaders wanted to rebuild the country in the direction of the communism of which Marx had spoken, but at a faster rate and with a different flavor compared with the Soviet Union. Mao actively encouraged an abolition of differ-

ences between rich and poor, and divisions in labour.

The “Great Leap Forward” was a policy with which Mao hoped would inspire everyone to become an economic and managerial expert. Despite unsatisfactory outcomes, the policy succeeded in telling stories of collectivism and the importance of sharing resources. People’s communes were the next level of collective farms, where there was not only mass mobilisation of labour but also of living rituals.

**“To propel change, create, or change the tales of success that show the benefits of your desired transformation.”**

Then came the Cultural Revolution as Mao attempted to re-assert his authority. At the time, Deng was still regarded by many as a “capitalist roader.” To make it more difficult, there were protests by students in Beijing who upheld Maoist idealisms, denouncing “revisionists and capitalist roaders” in favour of rights for the poor.

When Deng became the de facto leader of China’s Communist Party, he started changing the psyche of people by using a different set of vocabulary. “It matters not whether the cat is black or white, as long as it catches mice,” this is his famous

saying which encapsulates Deng’s approach very well. What this essentially means is that practicality should come first and at that time, the language of revolution really diverted from that during Mao’s time.

Stories abounded about how glorious it was to get rich. From pouring resources into a common hub, both collective farmers and individual growers were inspired to make as



much profit as they could and to invest in any kind of local business. In fact, one success story would inspire another one, and so on until China saw incomes increased significantly, stimulating industrial production along the way. Farmers were more or less their own masters and investors, they were able to purchase their own machinery and fertiliser. Meanwhile, in rural towns and in cities, “sidewalk entrepreneurs” started to appear. Everyone was pursuing their own wealth creation journey, regardless of what colour the collar was.

To sum up, what businesses nowadays can learn from this is: to propel change, create, or change the tales of success that show the benefits of your desired transformation.

## *Separate the man from his method*

**F**ollowing from the story of China above, the next message to deliver is: no matter how much a man was honoured for a method that worked well in the past, the point is to focus on what works now. Mao Zedong is undoubtedly a much revered figure in China. If you look at the country's currency note, you will see him. Nonetheless, people also know only too well that his collectivism-driven policies no longer apply to nation's growth patterns.

Similarly, Pelé is still widely regarded as one of the best players in the world of all time. His signature style, moves and soccer philosophy

are still looked up to by generations of soccer fans around the globe. Yet, as much as Brazilian players want to emulate Pelé's legacy, it has been proven that his method is not working anymore.

Likewise in business, a prominent figure may have laid an important foundation in the past, it will not be wise to stick to the person's ideology when it no longer applies in today's situation. Change can only start when people make a distinction between honouring a man and critically review his method for improvement.

## *Revisit the training*

**I** am one of those who used to play hockey as a junior and it pains me to see all that remains of Indian hockey is the "could-have-been" scenario. I have never learned to play hockey on Astro-turf, I have never learned to play hockey as a formation within a team which moves in a very fast and agile manner, passing a ball to each other to outwit the competing team as a network of



players.

If Indian hockey wants to make that change, they will have to start from the root: teaching the children who are just getting into the game using the new model, bringing in coaches from overseas who are experienced in applying this model. It is the only way they can catch up to whatever the state of the art in mod-

ern hockey is and truly reinstate it as a national sport. The same thing applies to soccer in many South American teams like Uruguay or Colombia, or even Mexico.

So if your business wishes to attempt a transformation, all those new em-

ployee orientation documents and on-boarding procedures need to change. For existing employees, periodical training also needs to be modified. In a way, teaching existing people new things is even harder than training new people.

## *Change the selection/promotion*

**C**losely related to the training of players is how they are selected in the first place. Brazilian coaches essentially needed to look for stronger players who could play as a team, even if that meant overlooking individuals with brilliant dribbling techniques. That does not mean individual sparks or talents would not be given the opportunity, but they may need to adapt if they want to be selected.

In the past, soccer players such as Pelé, rose to fame for their admirable individualistic and improvisational style. Nowadays, the most celebrated ones are probably those who know how to play in formations, spearhead a network of strategic players while still retaining some individual brilliance.

For a business transformation, it is vital to bring on board those who not only are experts in their own fields, but also, and more importantly, effective team players. Part of the issue in the corporate world nowadays is caused by the silo mentality. Thus, it makes no sense

to take on employees who perpetuate this unhealthy schema.

The selection criteria may need to change to accommodate business transformation, whether for the present or future one. In particular, more focus should be given to one's ability to coordinate with other departments, and other companies, in a pro-active manner. Perhaps, the awareness of how one's work affects others helps, as well as the willingness to cooperate towards the same goal.

As an example, which is also mentioned at the beginning of my book "The 5-Star Business Network", a

**"For a business transformation, it is vital to bring on board those who not only are experts in their own fields, but also effective team players."**

CFO finds himself struggling to understand why he has been repeatedly overlooked for promotion. While he is a prime figure in the company who had worked his way up from a junior position in the finance department. No one could doubt his high calibre and depth of experience. Yet he just lacks that one

quality the Board has been looking for – the ability to weave teams of internal and external experts into a cohesive whole. In other words, he still needs to work on how to get people to play in formations as in soccer, and understand the beauty of networks.

## ***Create the right rewards and incentives***

**P**eople are inherently motivated by rewards. In Skinner's famous theories of operant conditioning, an association is made between a behaviour and a consequence for that behaviour, i.e. rewards or punishment. If we apply the concept here, to get the desired actions of change, there should be links to appropriate incentives.

In soccer, for instance, instead of giving all the attention to individual brilliance, coaches, soccer associations and most of all, fans, should praise team efforts. Individuals who are good team players should also receive credit. Apart from verbal

reinforcement, financial rewards or advancement opportunities act as good incentives.

Likewise, in business, a range of incentives for desired behaviour must be used. From a pat on the shoulder by the man-



ager, to being named "Employee of the month/quarter/year", getting a pay rise, being put on an important committee, and being promoted, you can be creative with choosing rewards for different levels of actions too.

## ***Train, train, train in the new method***

**T**here will be many instances of conflict during a transformation - whether a conflict of interest, a conflict of generation or a conflict of perception. Change by its very nature is painful. Who can be sure that a brilliant soccer player who has been used to dribbling on his own will drop his ego and play

as a team? Who can be sure that tomorrow Indian hockey players will not give up on the new Astroturf surface which requires so much

**"Change by its very nature is painful."**

more sweat and stamina to stay on?

There will be resistance, and calls to resist. But it is vital to resist such resistance and resolve conflicts as

they appear. Every time you revert back to old way of functioning, all you are doing is prolonging the time it will take you to move on to the new one.

## *Proximate Improvement*

**W**hen it is hard to swallow a big chunk of meat in one go, what do you do? Of course, the answer is to slice it into smaller pieces. If the transformation project seems too tall an order, and everyone seems to dread a disruption ahead, then proximate improvement should be applied.



The idea is to divide the journey towards transformation into small, achievable milestones. Once a proximate achievement is reached, then

comes the next one until we have the desired outcome. For example, before being able to dominate the new hockey landscape, Indian hockey players need to firstly get used to running on Astroturf surfaces. This first milestone could be determined by achieving a certain amount of physical training to build stamina. Afterwards, they need to get used to controlling the ball with some more hours of practice. Then, the next proximate achievement is when players have learned how to play in formations on the new surface. The list goes on.

**“The idea is to divide the journey towards transformation into small, achievable milestones.”**

Applying it to your business, improvements can be achieved on a department-by-department basis, or process-by-process, service-by-service, depending on your company's appetite for change.

## *Find the right people to help you*

**E**ven when you may have all the other ingredients, not having the right people to help you build that transformation bridge can leave you stuck with the old model. As long as the old model is the status quo, everybody in the system is inclined to walk within the boundaries. Disruptive thinking, therefore, tends to come from outside.

Experts who know and have experience of creating the new model are needed. These people also need to do the hard part, which is standing up, challenging the old way and guiding people to the new way.



Even harder than teaching a child something new, this involves making people un-learn something they have incorporated into their lives for so long. Hence, it is absolutely vital to correct people every time they fall back to the old habits. For example, every time a player starts dribbling a ball with hockey stick, he has to be pulled back and taught to play in a strategic formation. Undoubtedly, individual brilliance is still widely appreciated but without good team efforts, no single player can turn the tide. That is not to say there is no room for creativity in the new model.

**“There may not be more than 10 people on earth in today’s business world who truly understand the new business model and know how to apply it to yours.”**

As you can see, getting the right coach for a sport team or the people for a business transformation is paramount. There may not be more than 10 people on earth in today’s business world who truly understand the new business model and know how to apply it to yours. You

have to get one of those 10 people and get them to work very closely with you.

Another important thing is to support them every time a conflict between the old and new model arises. These conflicts, whether of perceptions, of generations or of interests, may not be seen by insiders themselves. Therefore, someone from the outside looking in and then getting in to help resolve conflicts is a crucial element.

Just like when climbing Mount Everest, having a guide, or a Sherpa,

increases your success rate by 1.5 times, the right corporate Sherpa can increase your success rate significantly. Would you risk getting lost, being hampered by heavy loads, having insufficient equipment or even falling off the edge, while there is a helping hand offered?

Now that we have all the ingredients, and steps, does that mean anyone who applies these will succeed? The obvious answer is no. Because, in the end, it still depends on how well you execute the transformation.

