

THE COMBUSTION CHRONICLES

**EPISODE SIXTY-SIX
THRIVING WITH DISRUPTION**

**HOST: SHAWN NASON
GUEST: CHARLENE LI**

FEBRUARY 16, 2022

Shawn: Welcome to the sixth season of *The Combustion Chronicles* podcast, where bold leaders combine with big ideas to make life better for all of us. I'm your host, Shawn Nason, CEO and founder of MOFI. As an experience evangelist, I believe the only way to build a sustainable and thriving business is by putting people first.

This season is all about human-obsessed, maverick-minded influencers who are changing the business landscape by standing up for what's right, prioritizing relationships over transactions, and taking a few risks along the way.

Mavericks think differently. And, human-obsessed mavericks take all of that mavericky stuff up a notch. Filled with empathy, these special mavericks put their heads and hearts into action to think bigger and more boldly about changing the world each and every day.

Ready to blow up the status quo and ignite a people-first experience revolution? Yeah, me too. Let's do this.

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Shawn: On this episode of *The Combustion Chronicles*, I have the honor of speaking with Charlene Li. Charlene has been helping people see the future for the past two decades. She's an expert on disruptive transformation, digital leadership, customer experience, and the future of work. And she's written six books, most recently the best-selling, *The Disruption Mindset*. Charlene has worked with hundreds of top companies, ranging from Adobe to Southwest Airlines, and has spoken everywhere from the World Economic Forum to South by Southwest. She's the founder of Altimeter, a disruptive analyst firm acquired in 2015 by Prophet. Named one of the most creative people in business by Fast Company, Charlene holds an MBA from Harvard Business School. Welcome to *The Combustion Chronicles*, Charlene.

Charlene: Thank you so much for having me.

Shawn: I have been reading your book. It's amazing. And we're gonna jump into some of that and other things today. But you were a disrupter really, Charlene, before disruption was cool. And you've got the battle scars to prove it. Could you talk a little bit about your experience at Knight Ridder in the '90s? Why, and how, after that experience, did you build your career around helping organizations thrive with disruption?

Charlene: Well, I came out of Harvard Business School in 1993. I was looking around to see what I was gonna do. And I saw this thing happening with the Internet. We didn't even have the World Wide Web at that point. And I realized in doing my research that newspapers and media were going to be impacted very,

very quickly. So, I started looking for a job in the space, ended up at the San Jose Mercury News, which is a part of Knight Ridder in the middle of Silicon Valley. And I really, really fought hard for that position there. And my thinking was, "I don't know what exactly was going to happen but something was going to happen to disrupt newspapers."

And wherever there's disruption, there's always opportunity because there's new changes happening, trying to understand new things, building new opportunities. And I wanted to be at the middle of that. And being in the middle of Silicon Valley too at this pivotal time was something I really wanted.

That really set my career off because I was there at this really formative time as the web was being born and could see all of these disruptions happening and experience it directly at Knight Ridder. And seeing how the company dealt with it really well and not so well, over the next decade was really instructional. And so that really helped me understand I had this passion for helping leaders in their organizations understand the disruption and not only to survive it, but actually thrive with it.

Shawn: What I love most, Charlene, about you is you're not afraid to use the word disruption. You use it. You wrote a book about it, where so many people shy away from that in business. So, in your book, *The Disruption Mindset*, you say one of the three keys to disruptive transformation is, "Leadership that creates a movement of disruptors." You also say that leaders need to both create change and nurture environments where change can flourish. Let's dig into that. And one of the people you talked about in the book is John Legere, who launched a hugely successful transformation of T-Mobile just six months after he became CEO. How did he nurture an environment where change could flourish? And did it matter that the people at T-Mobile had already been talking about the disruption he championed?

Charlene: You can look at disruption as a negative thing or as a positive thing. It's your choice. It's happening to you. Okay? So...

Shawn: But a lot of leaders do look at it as negative?

[04:28]

Charlene: Right. And so, my whole thing here is to reverse that, to see disruption as an opportunity for change. And you can look at change as a negative thing. You don't wanna change, those things are good, or you can think of change as going to something even better. Now, if this disruption is happening to you, like it happened

to all of us two years ago with COVID, you have to deal with it. And how you deal with it is completely up to you. And we have found with COVID, that not only have we survived it, but we're actually thriving with it. And our capacity for change now is so much higher, so much higher. A recent survey found that before the pandemic, 26% of CEOs felt that they could navigate change well. After the pandemic, 80% said that. And so, our capacity for change is really dependent on how much disruption we put in our lives, again, on an everyday basis. So, I believe that disruptors have a different mindset, we run towards disruption because we know that's where the opportunities are going to be.

Shawn: I wanna talk a little bit about that quote, too, because 26% before the pandemic said they can navigate change, 80% after or during here now say they can do it. Do you really believe that?

Charlene: I do believe that, I do fundamentally believe that because they look back and they're like, "We never thought we could actually do this. And I never thought my organization would be so resilient, so capable of doing these kinds of things. I didn't know that I could rise to that occasion, I never gave myself the credit to be able to even think that we could pull off something like this." In the course of a week, we shut down our businesses and went home.

Shawn: Yeah.

Charlene: That's unprecedented. And we made the best of it and figured out how to make it work. And, oh my goodness, this is gonna be long-term. This is not something that's gonna stop. So, we dug deep and we figured it out. And along the way, we figured out how to do things better. And our businesses and ourselves, we're better because of having gone through this experience.

Shawn: I agree with you. I just wanted to dig into that because I don't think people are really being open and honest to discuss that right now. But I do believe we're there. And so, in your book, *The Disruption Mindset*, you say that a successful growth strategy has to be inspired by future customers. And we talk a lot about experience at MOFI and the Experience Ecosystem™ and how much that experience really matters. And that you actually had to turn your back on your current customers, despite their attractive size and profitability. So, how can you maintain a good experience for your current customers amid this disruption while creating a good experience to help them become future customers as well?

Charlene: Yeah, that's a great conundrum because people feel like you have to do one or the other. You can't do both. And the reality is you do both. You focus on

what you know what to do. And most companies do a great job of this or at least they're trying to serve their current customers. Because you know what they are. They're standing right in front of you, demanding things, great products, services, price from you. And so, you deliver it to them. All you have to do is just listen to them and deliver. Pretty straightforward. The future customer is a lot more complicated because you're not completely sure, you're not 100% positive that they actually exist, and that they will be profitable.

So, you're kinda making a guess. And you have to make that investment today in order to reap it in the future. And so many leaders, so many organizations won't invest until they're 100% sure and have that customer standing right in front of them. Disruptors get really good at seeing the future. They get really good at understanding, "So this is where my customers are, this is where they're moving, and I can test and I can understand, I may be wrong, but I can always go back and change my mind." They understand that 99% of decisions are not permanent. You can always change your mind. And they have the healthy ego to be able to do that. The reason why we treat 99% of decisions as if they were immovable, that they're permanent, you can't change your mind, it's not because you can't but because we don't wanna look like we're changing our mind. We don't wanna admit that it didn't work out.

Shawn: And I love this whole concept again, that you keep using that I love around disruptors. At MOFI, we've called it mavericks, you know, that mavericks think differently. They challenge the status quo to speak up when people and systems need attention. We tell them that you're not afraid to dream big, stand up for what is right and take a few risks along the way. And that's what I hear your message shouting out as we do and that's what's powerful. But I still think that leaders, some, are scared of this. And you've written about how disruptive growth shifts the balance of power and the relationships between customers and companies and between people and departments within an organization. We call that the Experience Ecosystem. And I'm afraid people in innovation don't always take those shifts into account when they're moving. So, what's an example of an organization that successfully shepherded its people through a major disruption, and what did they do to make sure workers didn't become collateral damage?

[09:51]

Charlene: Yeah, there's an example in the book about Nokia. And Nokia went through a huge transformation because they had to let go of their consumer handset business that was a vast majority of their business. And so, as they were

going through that transition, they knew they were going to have to lay off a huge number of people. I mean, thousands and thousands, like, 90% of the people and just completely shift into what they were going to do differently.

So, again, they've, to the extent they could, they transferred people over to the new division, but then they also created something called Nokia Bridge where they could help people find jobs outside, get retrained in a new area or they could start a company using Nokia technology and IP, and they would get funding of, like, €25,000. And hundreds of people took them up on this. And it spawned this huge new ecosystem of entrepreneurs in Finland and in other parts of the world. So, what I really like about that is that people knew six months in advance that they were gonna lose their job. And they worked until the very last minute because they knew what they were gonna be doing. And what I love about this example is that companies tend to be really good at spinning things up, but terrible at sunseting things. And you can't keep adding things if you don't take things off. So, a key part of being a disruptor is to have a process for change, but also for a process for change to shut things down. And that includes taking care of your people.

Shawn: We don't think about that, right? How do you spin up and how do you shut down? That is really a key thing. And we're talking about humans here. And I love how Nokia did it. They made it comfortable for them. We could talk about a lot of organizations who haven't done it well. But maybe it's because of my background as a pastor, I don't think any organization can be successful if it doesn't put people first, Charlene. So, I love your example there.

In one of your recent LinkedIn articles, you argued that most companies, even those that are customer-centric, don't focus on the whole customer. And I really do agree with that. So, what does it mean to understand and commit to the whole customer and why do you have to do more than just create customer personas?

Charlene: Well, when we talk about the whole customer, usually people have these personas that are very dependent on where they sit in the organization. So, marketing has these customers' profiles. Sales has a different one. Customer service has a different one. And those are just the people facing the customer, then they have HR, finance, IT, who don't even connect with the customer on a regular basis.

So, who's the customer? If you're not clear on who the customer is and have a very unified and aligned idea of who that customer is, you're serving different parts and

the customer can feel it. They feel like, "Are you talking amongst yourselves? Do you know who I...? Do you really know who I am?"

A great example of this is I talked to one IT CIO, and he said, "Oh, yeah, everything we do is around the customer." And he goes, "To be clear, it's our end customer. It's the people who buy our insurance policies. Because if we don't know who we're serving, how can we support the businesspeople who are trying to serve those customers? We have to understand as we're building the tools for our internal customers who they are trying to serve."

So literally, the CIO sounded like the CMO, could articulate what the value was, what the pain points were. And because they understood that, they understood and could stand in the shoes and have empathy for the business leaders that they were serving. So, when we commit to the whole customer, it's really truly understanding the underlying motivation. So those pain points at a visceral level, at an empathetic level, up and down, across the entire organization. And that's more than just personas. It's more than just a few data points. It's a lived experience. It's an emotional one. We completely understand and can empathize with who our customers are and what they're going through.

Shawn: So, 100% agree. And recently, there was an article that came out where Bob Chapek, the new CEO of Disney talked about his third pillar as the relentless focus on our audience. And Disney is known for that relentless focus. But I think the thing that got me most and would love to hear your opinion, even on this is, he said in here that, "At the end of the day, our most important guide, our North Star, is the consumer. Right now, their behavior tells us and our industry, that the way they want to experience entertainment is changing, and changing fast, thanks to technology and the pandemic. So, we must evolve with our audience, not work against them. And so, we will put them at the center of every decision we make." What's your thoughts on that?

Charlene: That's the only way to do it. Because in the end, your customers and your consumers are the ones who hold you accountable. You either meet their needs or you don't. And if you don't meet their needs, they go to somebody else. It's pretty simple. How could you ever sell something that nobody wants? I mean, who would do that? So, it's kind of... In some ways, it's a no-brainer. But still so many companies are focused on, "We're gonna build a product. Our whole company is focused on a product." And they're not talking about customers.

Of course, they're thinking about the customer in the end but their focus is on the product, there are measurements about how much we sell to the product. And everything's around a product. I talked to one person, one CEO and I said, "What's the metric in your upper left-hand corner on your dashboards?" And he kinda put his head in his hands and he goes, "It's inventory turns. " And I go, "Where's the customer on your dashboard?" He goes, "They're not on there." He goes, "I need to change that." Because if you aren't looking at the metrics that tell you what your success is dependent on, then you're measuring the wrong thing. You'll be acting in the wrong way. Are you trying to optimize inventory turns or are you trying to maximize customer satisfaction and happiness?

[15:53]

Shawn: Yeah, and I remember my days...Charlene, I worked for Disney for seven years. And I remember my days there, and the things that we talked about was always around the customer. And so, it's great to see that they are refocusing, I don't think they've never not focused, but that he's put it out there and that he's saying, "We have to change with them." And I think that's what I'm hearing through your message to leaders is, you have to change with the customer or they're gonna go someplace else. And again, we've seen tons of those companies. And, you know, we've really been dealing a lot, and there's been a lot of talk about this great resignation that's happening. And then obviously, still dealing with the pandemic that I think we will deal with for several more years. So, I'm sure there's a lot of business leaders that are just trying to survive right now and aren't worrying about this disruptive growth that we're talking about. But you've argued that now is actually the right time to lay the cultural foundation for the post-COVID world. Tell us what you mean by that.

Charlene: We're already in it. I don't think we're necessarily ever gonna get rid of COVID. So, we're here. We're in this funky space and we're kinda waiting for it to go back to some sort of normal or something to take some serious action. The employee experience has always been like a second thought, third thought to leaders and to organizations, and yet it's probably the most important thing. And I would still have to say it's not about employee experience because that says you're creating something for employees to experience.

So, like, this thing over there that you can influence. It's, like, a customer experience. It's more about the customer relationship and the employee relationship. What kind of relationship do you want with employees? And more importantly, and this is the key to the great resignation, what kind of relationship

do employees want with their employers? And what they realized through the pandemic is it's a terrible relationship. You treat me like dirt, you make me work long hours with little pay, with no benefits and you take no regard for what I can bring, that I have a brain, that I have suggestions, and you don't listen to me. You don't even know who I am. Why would I work for you?

And so, the cultural foundations, I think, stem from what kinda relationship do you really want. I mean, truly sit back and say, "Do you want people to be sheep? Do you want them to come to work and do exactly what they're told, do it at 100% perfection, and go home at the end of the day and never complain, never ask questions, don't make suggestions? We know better than you." Or do you want them to be collaborators with you? You understand that they bring more than just a pair of hands. They bring a mind and a heart that could really lift the organization up in ways that you could never have imagined. You wanna tap into that? You wanna tap into that energy? Then you're going to have to foster a very different type of relationship.

Shawn: Wow. I love the stop talking about it as an experience, but as a relationship, and what that could do to businesses today and for leaders. We recently wrote a book called *Kiss Your Dragons*. I preach a simple three-point sermon in that book, Charlene, and I say that leaders need to learn to be transparent. They need to learn to build relationships and they must love people. And if you don't do that as a leader, I don't know how you can be a leader. So, thank you for sharing that so much.

So, a lot of business leaders strive so hard for perfection, as we talked about this, that they almost get paralyzed by fear. And in your podcast, *The New Rules of Disruption*, you said we should replace perfection with excellence. So, what's the first step towards doing that one?

[19:38]

Charlene: I think that the first step is to accept that mistakes and falling short of your goal, the word failure needs to be a part of your vocabulary. And that perfection is such an ideal unattainable thing. We're just not perfect, we're humans. And so, putting that kind of pressure on yourself is just an impossible standard to have to meet. If you think about excellence as a constant learning and a process to be able to go out there and learn, it's a constant process to improve. So if perfection is an outcome, then excellence is a process and a way of living.

And when we think about living in a world where excellence is the norm, high standards, again, but not necessarily perfection, our world looks completely different then. Because what I find from so many leaders is that they don't move forward, they don't take action and take risks to move into a disruptive space because they won't be perfect. If these are organizations that reward, doing things and executing things well, just, like, don't get your nose dirty. Don't go out there and make mistakes. Just keep your nose clean, get focused on what you have to do, don't cause waves, that's your ticket to success. If you keep doing that, you can avoid these boulders coming at you, then you will continue to go up the hierarchy and the ladder.

And that doesn't help the organization. Because it says everyone's gonna take the safe route. They're not gonna look for where that customer is. They're just gonna stick with the current customer and never pick your head up and look someplace else. So, that whole undercurrent of perfection keeps all of us so tied to this really small circle of possibility.

Shawn: Another great, great moment there. Thank you so much again. And I hope our listeners are really grasping the heart of what you're saying and that we are really flipping disruption from being negative to a positive thing. So, I thank you for that. So, I got one last question before we jump into the end. Just about every organization has jumped on the diversity, equity, and inclusion bandwagon in these last few years, which I've really, really been glad to see. But I wanna ask you, what do you see as the next frontier for DEI and who's still being left out in that movement?

Charlene: We typically define it as gender, and by race, and ethnicity. And I'll answer the second question first, who's being left out. I really look at the intersectionality of those two, and in particular, women of color. If you look at the statistics, it says that in the very first level of leadership promotion in that leadership pipeline, women of color are promoted at half the rate of their women peers and also of their male...men of color too as well. Half the rate.

It's bad across the board for women and people of color but it's even worse for women of color. And when you have such a lower level of promotion at that very first level, that means your pipeline is just constricted to the rest of the careers that people have. So, it's a passion of mine to say, "How do we identify and fix that at the very beginning of that leadership pipeline?" Because that's what really made the difference for women and men of color. And now we need to think about that intersectionality.

There's a reason why organizations don't show that intersectionality because it is so bad. It is so incredibly bad. So, I encourage organizations and leaders to run those numbers. Look at that. Look at the truth there. And then look into your organization. And the next frontier here is not so much about...again, it always has been. Not so much about singling out just only one group, but how do we create an environment where any type of difference, any type of opinion, background, experience is treasured? Where we can be known for our full selves. We can bring everything about ourselves to our organizations and to work. There's no more checking at the door of anything. And when we create that kind of environment, we can bring ourselves and fully ourselves. There's a safety and security in knowing we can expose that and that we're safe. That changes the dynamic for everything.

And the way I think about this is I like to use the word intimacy because that's... People are like, "No, I don't wanna get intimate at work," right? But it's actually what we want. We want this spirit of intimacy. And the way I think about intimacy is into me you see. You see me, you see my motivations, my passions, the things that just make me wake up and go, "Aha," and we're gonna do everything possible to stimulate that. And we're gonna create the environment together so that we all see each other fully for everything that we can contribute.

[24:33]

Shawn: All right, well, that was amazing. And I hope our listeners are writing notes around that. So, thank you for sharing your heart there and going there with me on that question. So, it has come to that point though, Charlene, where we do these things called the Combustion Questions, which are three randomly selected questions that I was just handed. So, Charlene, are you ready for your Combustion Questions?

Charlene: Let's go for it.

Shawn: All right, so Combustion Question number one. What's your favorite candy bar?

Charlene: Oh, Heath bars. I love toffee.

Shawn: A woman after my own heart. Now, I like Heath bars with Reese's Peanut Butter Cups too, and it's just amazing. Awesome. So Combustion Question number two. Do you prefer winter or summer?

Charlene: Summer for sure because I love hanging out at the beach. Can't do that in winter.

Shawn: Like, we're going to have to go to the beach together, Charlene, with our families and take Heath bars and enjoy that. All right, Combustion Question number three. What do you think about gummy bears?

Charlene; I don't like them. They're gooey and they're chewy and give me a good spearmint anytime.

Shawn: Wow. You're like my sister. I love it because I don't like gummy bears either. Well, thank you, Charlene, so much for being with us and for all of these amazing pieces of advice you've given us and some insights that are very disruptive. So, can you tell our listeners how they can follow you, listen to more of what you're doing out there?

Charlene: Sure. You can always find me at my website, charleneli.com. And that's also my handle and username on pretty much every single social network. So, please stay in touch. I would love to hear from you and hear about your disruption journey.

Shawn: Well, awesome. Well, thank you again, Charlene, and I really look forward to having another conversation with you.

Charlene: Thank you again for having me.

Shawn: Thanks so much for listening to this episode of *The Combustion Chronicles*. If you've enjoyed this episode, please take a few minutes to subscribe, rate, and review.

Remember that I'm always looking to meet more big-thinking mavericks, so let's keep the conversation going by connecting on LinkedIn.

If you want to discover more about human-obsessed, maverick-minded Experience Ecosystems, go to MOFI.co where you'll discover ideas and resources to help you ignite your own experience revolution.

And be sure to check out my book, *Kiss Your Dragons: Radical Relationships, Bold Heartsets, and Changing the World*, available on Amazon. Then head over to ShawnNason.com to engage resources, a discussion guide, and information about everything from self-paced learning to personal coaching.

As always, stay safe, be well, and keep blowing sh*t up!