

Introduction: The monkey story

The experiment involved five monkeys, a cage, a banana, a ladder and, crucially, a water hose.

The five monkeys were locked in a cage, after which a banana was hung from the ceiling with, fortunately for the monkeys (or so it seemed ...), a ladder placed right underneath it. Of course, immediately, one of the monkeys raced towards the ladder, intending to climb it and grab the banana. However, as soon as he started to climb, the sadist (euphemistically called "scientist") sprayed the monkey with ice-cold water. In addition, however, he also sprayed the other four monkeys ...

When a second monkey was about to climb the ladder, the sadist would again spray the monkey with ice-cold water, and apply the same treatment to its four fellow inmates; likewise for the third climber and, if they were particularly persistent (or dumb), the fourth one. Then they would have learned their lesson: they were not going to climb the ladder again, banana or no banana.

In order to gain further pleasure or, I guess, prolong the experiment, the sadist (scientist) outside the cage would then replace one of the monkeys with a new one. As can be expected, the new guy would spot the banana, think "Why don't these idiots go get it?!" and start climbing the ladder. Then, however, it got interesting: the other four monkeys, familiar with the cold-water treatment, would run towards the new guy – and beat him up. The new guy, blissfully unaware of the cold-water history, would get the message: no climbing up the ladder in this cage – banana or no banana.

When the beast outside the cage replaced a second monkey with a new one, the events would repeat themselves – monkey runs towards the ladder, other monkeys beat him up, new monkey does not attempt to climb again – with one notable detail: the first new monkey, who had never received the cold-water treatment himself (and didn't even know anything about it), would, with equal vigour and enthusiasm, join in the beating of the new guy on the block.

When the researcher replaced a third monkey, the same thing happened; likewise for the fourth until, eventually, all the monkeys had been replaced and none of the ones in the cage had any experience or knowledge of the cold-water treatment.

Then, a new monkey was introduced into the cage. It ran toward the ladder, only to get beaten up by the others. Yet, this monkey turned around and asked, "Why do you beat me up when I try to get the banana?" The other four monkeys stopped, looked at each other slightly puzzled and, finally, shrugged their shoulders: "Don't know. But that's the way we do things around here."

This book

My friend and colleague at the London Business School, the illustrious Costas Markides, used to tell the executives in his classroom this story. It reminded him – and me – of quite a few of the organizations we have seen over the years. That's because the world of business is full of habits (and I guess full of monkeys ...); habits we take for granted and never question.

Yet, some of them are actually quite strange, and some of them simply don't work. Has it ever occurred to you that there is quite a gap between how companies make and pretend to make big strategic decisions? Doesn't it sometimes strike you as strange that our boards of directors are really a bunch of part-timers and amateurs? Do you really think the "Chinese Walls" in investment banks are as impermeable as they say they are when they make stock recommendations to us for the same firms that are their clients? Don't you think it might be a tiny teeny little bit odd

that often no less than 80 percent of a CEO's remuneration consists of stock options which we know from research greatly enhance risk-taking behavior, while at the same time we seem to yearn for CEOs who are a bit more risk-conscious? And, while we're at it, why do so many of them seem to be plain narcissistic egomaniacs?

I don't know about you, but I have also wondered why new bandwagons of management fads (such as "Six Sigma" or "Empowerment" or "Managing by Objectives") continue to roll across the corporate landscape. Why do herds of consultants seem to eagerly use downsizing for all corporate ailments in the same way that medieval quacks employed bleeding as a cure for all possible diseases? And why do we persistently see surges of acquisitions in most industries while research conclusively shows they lose money? I could go on and on and, frankly, I will. But my point is that there really are quite a few things in the world of business that we take for granted, that we seldom consider or talk about, but that I think are worth stripping down and exposing for what they are, so that we can ask ourselves whether they really are a sane "way of doing things round here".

Hence, in this book, I will reveal what really goes on inside business, explore what CEOs really are like, and dissect the temptations, the influences, and the (sometimes ill-advised) liaisons and strategies of corporate life.

Yet, don't be mistaken; although I think I have succeeded in keeping it relatively light and, above all, fast-paced, this entire book is nevertheless explicitly based on rigorous research and verifiable facts. Because that's what I am; a scientist who examines managers just like a criminologist studies criminals, and a zoologist might study mountain gorillas (or monkeys in cages). I analyze their behavior and reveal what really goes on in their world; who makes it, who doesn't, and why things work the way they do.

This also means that this is not a business book. You may have found it in the business book section of Waterstones, WH Smith or Borders but, I am sorry, it really is not a business book. It

is a book *about* business. And this is not just some semantic gimmickry. Business books tell you what to do (if you want to make it big in business). They are the “how-to” books for people who wear pin-striped suits and ties, which tell you that the author (invariably labeled “management guru”) thinks – pardon, knows – you should do *X*, after which he or she proceeds with another 124 pages of examples of companies or people that made it big precisely by doing *X*. I am not going to tell you *X*. I am not going to tell you what to do. I am going to tell you how things work, in the strange business of business.

Yet, I do think that, if you want to make it big (and there is no reason to be ashamed of that!), you’d better understand how things work, in the kingdom that you are trying to rule. Because don’t be mistaken, the things that I will reveal to you concern the fundamental nature of business today. They cut through conventional perceptions of how business works to show you what really goes on, and how that affects firm performance. They explain how success today can mean failure tomorrow; who becomes a corporate hero and who becomes a villain; and how money gets made – and lost. As such, I hope my analysis will build your understanding of today’s corporate world from the ground up.

So, if you’re in business yourself, polish up your business savvy with my little exposé. If you’re a curious observer, I hope you will be entertained (and sometimes slightly appalled ...) by the hidden facts and realities revealed.

Freek Vermeulen