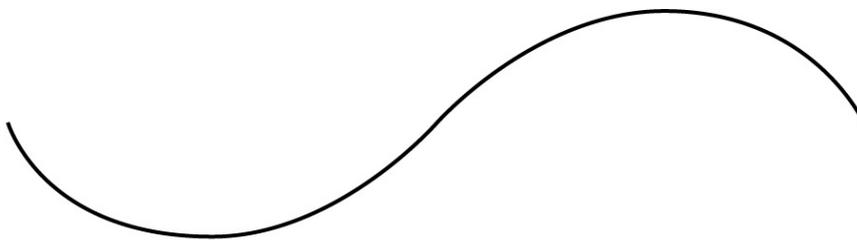


## The Sigmoid Curve

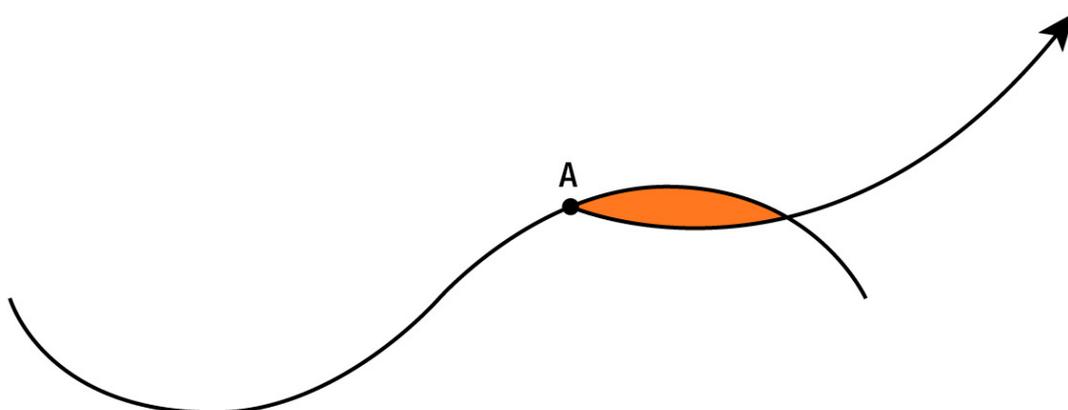
Source: Handy, C. (1995), *The Empty Raincoat: Making sense of the future*, Arrow Books, London, pp. 50–57.

The Sigmoid Curve is the S-shaped curve which has intrigued people since time began.

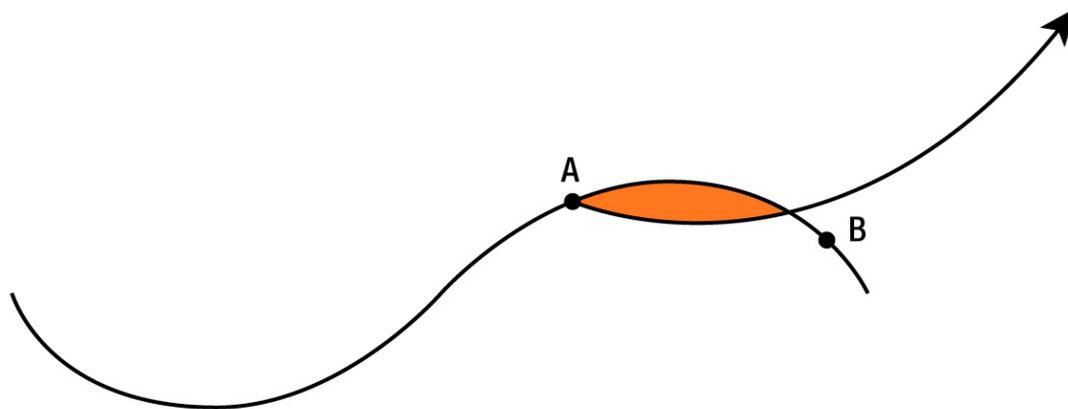


The Sigmoid Curve sums up the story of life itself. We start slowly, experimentally and falteringly, we wax and then we wane. It is the story of the British Empire – and of the Russian Empire and of all empires always. It is the story of a product's life-cycle and of many a corporation's rise and fall. It even describes the course of love and of relationships. If that were all, it would be a depressing image, with nothing to discuss except to decide where precisely on the curve one is now, and what units of time should go on the scale at the bottom. Those units of time are also getting depressingly small. They used to be decades, perhaps even generations. Now they are years, sometimes months. The accelerating pace of change shrinks every Sigmoid Curve.

Luckily, there is life beyond the curve. The secret of constant growth is to start a new Sigmoid Curve before the first one peters out. The right place to start that second curve is at point A, where there is the time, as well as the resources and the energy, to get the new curve through its initial explorations and floundering before the first curve begins to dip downwards.



That would seem obvious; were it not for the fact that at point A all the messages coming though to the individual or the institution are that everything is going fine, that it would be folly to change when the current recipes are working so well. All that we know of change, be it personal change or change in organizations, tells us that the real energy for change only comes when you are looking disaster in the face, at point B on the first curve.



At this point, however, it is going to require a mighty effort to drag oneself up to where, by now, one should be on the second curve. To make it worse, the current leaders are now discredited because they are seen to have led the organization down the hill, resources are depleted and energies are low. For an individual, an event like redundancy typically takes place at point B. It is hard, at that point to mobilize the resources or to restore the credibility which one had at the peak. We should not be surprised, therefore, that people get depressed at this point or that institutions invariably start the change process, if they leave it until point B, by bringing in new people at the top, because only people who are new to the situation will have the credibility and the different vision to lift the place back on to the second curve.

Wise are they who start the second curve at point A, because that is the Pathway through Paradox, the way to build a new future while maintaining the present. Even then, however, the problems do not end. The second curve, be it a new product, a new way of operating, a new strategy or a new culture, is going to be noticeably different from the old. It has to be. The people also have to be different. Those who lead the second curve are not going to be the people who lead the first curve. For one thing, the continuing responsibility of those original leaders is to keep that first curve going long enough to support the early stages of the second curve. For another, they will find it temperamentally difficult to abandon their first curve while it is doing so well, even if they recognize, intellectually, that a new curve is needed. For a time, therefore, new ideas and new people have to coexist with the old until the second curve is established and the first begins to wane.

The hatched area beneath the peak is, therefore, a time of great confusion. Two groups of people, or more, and two sets of ideas are competing for the future. No matter how wise and benevolent they be, the leaders of the first curve must worry about their own futures when their curve begins to die. It requires great foresight, and even greater magnanimity, to foster others and plan one's own departure or demise. Those who can do it, however, will ensure the renewal and the continued growth of their organization.

## The Discipline of the Second Curve

The concept of the Sigmoid Curve has, I find, helped many people and many institutions to understand their current confusions. The question which they always ask, however, is 'How do we know where we are on the first curve?' One way of answering that is to ask them to make their own private and personal assessment of their position, or that of their organisation, to draw the first curve as they see it, and to mark an X on it to show where they are now. Almost invariably, when they reveal their perceptions of the curve, there is a consensus that they are farther along the curve than any of them would previously have admitted. They are nearer to point B than to point A.

Like the story of the road to Davy's Bar, you will only know for sure where you are on the curve when you look back. It is easier, too, to see where others are on their curves than to see yourself. We must therefore proceed by guess and assumption. There is no science for this sort of thing.

The discipline of the second curve requires that you always assume that you are near the peak of the first curve, at point A, and should therefore be starting to prepare a second curve. Organisations should assume that their present strategies will need to be replaced within two or three years and that their product life-cycles are shorter than they were. Richard Foster of McKinsey studied 208 companies over 18 years in order to discover those who were consistently successful. There were only three who lasted the course for the whole 18 years. Fifty-three per cent could not maintain their record for more than two years. Individuals should also work on the assumption that life will not continue as it has for ever and that a new direction will be needed in two or three years.

It may well be that the assumption turns out to be wrong, that the present trends can be prolonged much longer, and that the first curve was really only in its infancy. Nothing has been lost. Only the exploratory phase of the second curve has been done. No major commitments will have been undertaken until the second curve overtakes the first, which will never happen as long as the first curve is still on the rise. Keeping the two curves going will become a habit.

The discipline of devising that second curve will, however, have had its effect. It will have forced one to challenge the assumptions underlying the first curve and to devise some possible alternatives. It is tempting to think that the world has always been arranged the way it is and to delude ourselves that nothing will ever change. The discipline of the second curve keeps one sceptical, curious and inventive – attitudes essential in a time of change, and the best way of coping with the contradictions which accompany such a time.

The discipline of the second curve follows the traditional four-stage cycle of discovery. Questions start it off. The questions spark off ideas, possibilities, hypotheses. The best of these must then be tested out, tentatively and experimentally. Finally, the results of the experiments are reviewed. The first two stages cost nothing except the time for imagination. They can be very stimulating, particularly if they start from the greenfield hypothesis – 'If we did not exist would we reinvent ourselves and, if so, what would we look like?' Or, in a more personal example of second-curve thinking, 'If we did not live here, or do what we are doing, what would we be doing, where and how would we be living if we had the chance to start again?' The discipline of the second curve requires that you do not reinvent the same life, because that would merely perpetuate the first curve. The second curve is always different, although it builds on the first and grows out of it.

In *The Paradox of Success*, his book on the personal renewal of leaders, John O'Neil uses the model of the second curve to describe how leaders do, or do not, move on in life.

He points out that one essential is to let go of your past. If one is too emotionally attached to what has gone before, it is difficult to be different in any way. One can then cling on until it is too late. He quotes Odysseus as an example of a young warrior chief who was so committed to roaming and raiding, at which he once excelled, that he spend 20 years coming back from the war in Troy to his kingdom in Ithaca, reluctant to assume the responsibilities of government. By the time he did get home he was a failed commander, in rags, with his kingdom in a mess. It is the story of the man who did not want to grow up.

I have always, therefore, been impressed by people like Leonard Cheshire, the distinguished and heroic British fighter pilot who, after the war was over, left all that behind and set out to create a network of homes for the elderly and disabled. I am impressed by the family business in France which, at just the right time, turned its back on the textile industry in which it had made its name, and launched a chain of supermarkets. 'Where did you find the courage to do something so completely different?' I asked.

'It would have required more courage to do nothing,' the head of the family replied. 'We had the responsibility to provide a future for the family, and the past, distinguished though it was, could not have been that future.'