

Margaret Heffernan

Margaret Heffernan, the collaborative capitalist

The executive and writer warns of the dangers to business of excessive competition



In sorrow more than anger: Margaret Heffernan helped tech start-ups in Boston before returning to Britain to write

Andrew Hill AUGUST 13 2014

Margaret Heffernan says she is neither an enemy of business nor a communist – as one colleague suggested after hearing the premise of her latest book, [A Bigger Prize](#), about the dangers of competition.

“I love business. I think the potential for business to solve the problems we face is immense and limitless. So I get really upset when we blow it,” she says, speaking in the garden of her 17th-century listed Somerset manor house, fruits of her successful career as executive, entrepreneur and writer. “It’s like you’ve taken this beautiful, beautiful piece of beef and just fried it to shoe leather.”

Lately, she has channelled her disappointment into her writing. *A Bigger Prize* was preceded by [Wilful Blindness](#) (2011), a fierce critique of the tendency of people and organisations deliberately to ignore threats and scandals such as the fraud at Enron or sexual abuse by Catholic priests. But Ms Heffernan also continues to direct her good-humoured passion for, and optimism about, business into mentoring and teaching.

She says companies have a great appetite for her ideas, however critical she is of the corporate status quo.

Despite *A Bigger Prize*'s attack on one of the pillars of modern free-market capitalism, when Ms Heffernan talks about it to business leaders and executives at banks, pharmaceutical companies and manufacturers, "they all get it". Typically, they have a two-stage reaction, she says: relief and enlightenment that there may be different, more collaborative ways to work, followed by a realisation that they have probably unthinkingly tried out some of the ideas in the book in the past – and they have worked.

"It's just like this machine where the gears have got so stuck. There's no oil and the senior executive committee is kind of pumping the accelerator and the thing won't go," she says of the obsession with competition, from the schoolroom to the boardroom. "When you reframe it and start thinking differently about how people work together and what makes them really productive, suddenly the gears start to turn again."

Ms Heffernan has had a strikingly eclectic career. She was born in Texas to American parents and brought up in the Netherlands. When her father's job in the oil industry brought the family to London in the 1960s, she fell in love with the theatre and set her sights on Cambridge university, having noticed that the best-known actors and directors of the age had all gone there.

A love of drama took her to BBC radio, as a researcher, script editor, producer and editor. In the past 10 years she has returned to radio, writing four plays for the BBC – including a pair on Enron and on wilful blindness. Her BBC career culminated with the job of executive producer of 13 television programmes that went out in 1989, as part of the celebration of the bicentenary of the French Revolution. "It was just mayhem," she says now, but the experience of working on a complex international co-production with talented colleagues laid the foundations of her love of business – and of her business philosophy about the value of co-operation.

Margaret Heffernan on . . .

Competition

Most people are competitive and what we don't need to do in business is to ratchet that up. It's like engineering every building for an earthquake zone. The problem is getting people to put their individual competitiveness aside. We've over-egged the

In 1991 she made the leap from the BBC to a role as managing director of IPPA (now called Pact), the trade association that negotiated on behalf of independent producers. But within three years, disillusioned with the state of the UK economy, she and her husband, an academic medical researcher, moved to Boston, just as its reputation as an east coast technology hub was growing.

"I've always been a bit of a gadget person.

competitive issue and hugely under-egged the building of social capital.

The dotcom bubble

At the beginning, nobody went into it for the money. It was just unbelievably cool – and we had the opportunity to build amazing things and prove amazing hypotheses. The fact we had made some money along the way was miraculous but it wasn't why we were there. People came along who believed because they were becoming immensely rich, that was the sign they were unique and remarkable people. When it went away, they were left very confused.

Business books

They suffer from physics envy. They want to come up with something that aspires to the condition of a law in physics, and business is not a science. My books are as discursive as they are because in companies you are dealing with people and they come from families and they have relationships and they have psychological tendencies. I think we'd all do better if we saw our employees as people who have whole lives.

I'd had a PC very early. I like machines and I absolutely loved software developers. I thought they were the coolest, most creative people I'd met since working in radio," says Ms Heffernan, who applied her knowledge of media to start-ups eager to add content to their software.

David Wetherell, chief executive of a dotcom incubator called CMGI and then one of the biggest names in east coast technology, hired Ms Heffernan to start one of his new businesses in 1994. When the internet bubble burst in 2001, the network of start-ups he had built began to disintegrate. But Ms Heffernan, who worked there running, buying and selling businesses for eight years until 2002, says the rapid lift-off of the sector was more frightening than its collapse.

"Meteoric success is fantastically scary," she says. "It's scary to watch. It's scary to be in. It's scary [not knowing] who to believe and trust. It's scary [not knowing] where to focus. I see this with many entrepreneurs: it's your dream come true, that moment when everything takes off. But, boy, it's hard to navigate. It's everything you worked for and it's the most terrifying thing on earth."

In motivating staff at the start-ups she ran, did she never use competition as a spur? Ms Heffernan says not. In fact, she recalls how, as chief executive of InfoMation, a software company that was part of CMGI, she revived her team, which was mired in "unproductive friction", by inviting them

to share their experiences at drinks evenings on Fridays. It was “a cheap, easy management trick” but “the effect was astonishing”, she says.

“We had a guy who had built one of the first ever browsers at AOL. We had a guy who sent one of the first ever emails . . . We had marketers who had put company logos on the space shuttle,” she recalls, laughing at the memory of how simple it was to harness her team’s better nature. “We just had amazing people and nobody knew, because everybody was so tasky and so focused and so transactional that they’d never found time to know each other, and, as a consequence, they didn’t trust each other and it wouldn’t have occurred to them to ask each other for help.”

Competition, she says, undermines [helpfulness](#), which research shows improves performance. On the rare occasions a little competitiveness is needed, it is easy to crank it up. But we are so conditioned to compete that “you have to crank it down 95 per cent of the time”.

Ms Heffernan says it is “maddening” that business does not learn from its mistakes. At the same time, she knows from her wide experience that it would be wrong to let history hold back the natural entrepreneurial instinct to advance. What she hopes is that business can strike a better balance and “ask some better questions”.

It is another reason to keep writing – the path she chose on her return to Britain 12 years ago. Though she writes alone, she teaches entrepreneurship and satisfies her collaborative instincts by mentoring executives with a group of other former CEOs at [Merryck](#), a leadership development company,

“My books come more out of sorrow than anger,” she says of the continuing litany of business crises and scandals. “We have the knowledge. It doesn’t have to be this way.”

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