

THE ORGANIZATIONAL DEATH SPIRAL: SEE IT, AVOID IT



The death spiral. No one wants to be in it. No one wants to be around it. Avoid it like the plague. That's what they all say at least.

What is the organizational death spiral?

The death spiral is a long, drawn-out procession towards decline and ultimate death. People will speak of two forms of the death spiral:

1. The end of the life cycle for a company. Among it, people desperately grasp for life.
2. A person has lost leadership and will blindly follow anything or anyone to their destined fate. This is more nihilistic, [like the army ants blindly following the leader](#).

The first group are like the traditional media companies of today, hanging on desperately to stay afloat and necessary. The second group are the people who follow the leadership of these companies. Both are part of the organizational death spiral. For businesses and organizations, a product might be end of life easily, following a system or process. But how do you stop an entire company from dying?

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For some companies, they see the march towards death—the end of the company—and they eventually accept, selling or liquidating the company. Other companies desperately try any attempt that might help save the company from failure, [obsolescence](#), and death.

The death spiral is one of those gothic relationships with art where the art object overpowers Man. [On the Slope of Enlightenment](#), Man meets the company half-way in harmony to make excellent progress. In the death spiral, the company grows beyond Man's capacity to understand and the death spiral ensues.

The end is inevitable

As they have beginnings, so, too, must they find their endings. Products—great products—will find their end. [The great industrial conglomerates recently disbanded](#). Death can be graceful or go harshly.

Big companies like Sears, United Technologies, General Motors and General Electric have slowed down. Their death comes naturally. These companies had their heyday from the 1920s through the 1980s. While their services are still needed, their value is no longer a luxury but a commodity. Color TV is not the rage anymore. There is a TV in every household—[stats show the majority of U.S. households have at least two televisions](#). These companies seem to understand and accept their decline.

While Johnson & Johnson is buying up brands like Vogue International for \$3.3 billion, adding more shampoo and physical assets to its consumer products, [Facebook buys Giphy, a digital asset company, for \\$400 million](#), and [Spotify soaks up The Joe Rogan Experience for \\$100 million](#). You can bet the latter two expect a far greater ROI from their purchases—the markets do, just look at the market prices the day the news broke.

Unlike shampoo, television, and washing machines, contemporary media hangs on for dear life, frantically trying to find its place in the 21st century. Its product is a popularity contest, whose success is measured by views and ratings, and it only takes one bout of high school to understand that when someone stops getting the attention they want, they will go through extraordinary measures to get the attention they think they deserve. Media enters the death spiral.

What causes the death spiral?

The organizational death spiral might appear out of your control, that a changing market changed rendered your services and products useless. But business analysts recognize [one pattern in](#)

[particular](#) that greatly contributes to the death spiral: trying to do too many things at once.

This attempt to do it all can be a result of constantly shifting priorities, [context switching](#), and feelings of missing out on some market opportunity. You're behind, so you must work even harder, seemingly at everything, to try to save something.

Symptoms of the death spiral

Organizations in the death spiral tend to experience common problems:

- Inability to prioritize
- Too many projects
- Attempting to avoid criticism

In short, these organizations will have a lack of focus. When there is no grip on their surroundings, almost by definition, an organization has entered chaos. Chaos is characterized by being out of control and ungraspable.

When Man has total understanding of the organization, the organization is fine. When Man meets the organization half-way, the organization is fine. When the organization swamps Man, both Man and the organization are in deep trouble.

How to avoid the death spiral

Any discussion of an organization death spiral quickly turns to ways to avoid it altogether. It is not easy.

For most, the initial reaction when seeing an imminent failure is repulsion—people don't necessarily want to help, even if they know how. Individually and writ large, the easiest path to self-preservation is avoidance. But how, for those willing to engage, can an organization turn around, about face, and march away from the death spiral?

Know what you have to lose. Define what the company can do—not what your competitors can do. Their troubles, their death march, is theirs to follow. While you might share points upon the timeline for a moment, it is impermanent. Your story does not follow theirs. It may relate, it may be curious, but it is not their path. Your path is different.

Clearly decide what you must lose. Leadership and those with direct knowledge of the death spiral must sit down and make a hard choice: what is the single most critical item to do right now? Compromises and sacrifices are inevitable: intentionally dropping deadlines, stepping away from diversified options—doubling down on one thing your company can do that no one else can. Not sure what that is? Consider [the innovation trigger](#).

Redefine your [organizational capacity](#) and priorities. Reasons for these actions do not necessarily need to be spoken explicitly, but they are important for you to know, for you to follow, and for you to get the rest of your staff on board.

Only for the brave

Deciding to halt your death spiral and turn it around is no easy task. This requires bravery, courage, and commitment to your vision. Remember, a key indicator of the organizational death spiral is ever-

shifting priorities. Avoid that by doing your homework here, declaring your #1 market opportunity, and performing *only* the activities that contribute to that.

Additional resources

For more resources for organizations, see our [BMC Business of IT Blog](#).