Arkadi Kuhlmann: Philosopher, Artist, Entrepreneur

Helen Kelly

Arkadi Kuhlmann turned internet banking on its head. He made ING DIRECT a safe place for the average person to save. Safe because it wasn’t another bait-and-switch scheme that meant moving your money each time the high-interest promo expired; safe because you got straight talk on tough subjects in your personal life; safe because you believed in the brand and the brand didn’t let you down. When people describe banks – pompous, usurious, greedy, pernickety, self-serving, cold, remote and eternally inefficient – ING DIRECT isn’t on the list. Instead, people perceive ING DIRECT as a firm that operates in the customer’s best interest, a home for money, and a place they are known.

ING DIRECT’s success is a work of art on many levels. Kuhlmann mastered the classic entrepreneurial strategy: when you enter the market, change the rules and be so good, you quickly become the yardstick. Together with an expert, he shaped a sturdy, reliable brand with a universal, likable personality. Employees say they like where they work and respect the CEO in part because they know and trust him. Turnover is low and the company is highly profitable.

You can read a complete account of Kuhlmann’s thinking in The Orange Code. It is the full business story, beautifully written and refreshingly candid, of how ING DIRECT was born, and there are lessons to extract from every page. Here I am pleased to present excerpts from an interview with Mr. Kuhlmann, in which he kindly sets out ideas that underpin his decisions about staffing and management – unusual ideas that work even if, or perhaps because, he calls on more of you personally than traditional business practice demands.

AK One of the biggest problems I have is finding people with a philosophical framework in which to put today’s challenges. So many people lack a context that allows them to be reflective, to think, and to be creative.

Here’s what I mean. We look for people to work and human beings show up. Sometimes I’m asked to be a counsellor for health, personal financial challenges and other aspects of living. That is baggage people bring to an enterprise and we managers are supposed to show sensitivity to all that.
But, I ask myself, what is your contribution to productivity? What is your energy level, your knowledge level; what are you doing to keep yourself current? How much do you read? Do you do anything that actually refreshes the base upon which your knowledge stands, or are you now basically a Blackberry brain during the week who watches football all weekend? File #: 8457807

It’s not a fair exchange. We pay a fair wage and create career opportunities and develop personal potential to the fullest in the path they’re on. Yet I have to spend my time basically teaching people how to do reading, writing and arithmetic. I ask people to write a page. They go out and get a consultant.

Today’s world is reactive. You know: don’t think; just respond to email. It has become a total mishmash of actions and reactions so there’s no more time for discussion and debate; no time to contemplate and think. I believe the source of the problem is that so few people study philosophy, literature, poetry, and the classics. With philosophy as a basis, people move to psychology, writing, reading, arithmetic, and statistics. It’s the level and amount of academics you study, learn and bring as a foundation to a commercial enterprise that’s important.

**HK** What is the impact of narrowly educated people on the business?

**AK** Let’s consider this phone – the design of a phone. Any debate we might have can only take place if we both have some level of understanding in engineering, materials and design, aesthetics and so on across the many disciplines that contribute to designing and manufacturing a phone right.

There are a hundred decisions I make every day. Hiring, what building you’re in, what product you’re making and how you’re selling it; when to talk, when to listen; when to write or not. In hindsight, these decisions have to be more right than wrong; 80% right or more. There’s no such thing as getting it luckily right.

We need people to make good decisions, think broadly, be open to new approaches, continue to be educated and expand their base of knowledge; people who actually are interested in doing so. People who are too narrowly educated can get luckily right some of the time, but they won’t have the broad base built on knowledge, perspective and observation to be right most of the time. File #: 2975913
Part of the way you address the need for creative thinkers is by hiring artists and musicians. By and large they are very successful at ING. It is unusual for businesses to hire artists, and even more unusual in the financial services industry. Why do you recruit artists, and what problems if any does this present when it comes to artists operating in a banking environment?

How did we develop our business? We looked at recruiting. If I were to spend all my time hiring business people looking at other banks, how am I going to make a difference? We needed emotional resources. If I’m selling you a product – a car, or a pen – I try to sell you the functional qualitative side of it, yet principally I try to sell you the brand of it. I try to convince you that there are emotional aspects that will make you love your pen – the colour, and what it says about you. Everything people buy is a way to find a positive sense of self and identity in the product.

Business people understand intuitively how to project the functional qualities; artists understand intuitively how to invest themselves in portraying, speaking about the emotional qualities of the brand. How many business people would say, I want to go to the flower business that might give me insights and ideas, creative and otherwise, that would help me make a better phone? That’s what’s missing. You need people who look beyond your own industry; who look beyond.

Business people – people who have classical business training – think about ways to control what exists. They keep talking about what customers want but don’t often consider creative ways to find out what customers want. Artists think about creating things, not controlling things.

So I think about casting, not about staffing, for lots of reasons.

Artists keep thinking about what’s next. What is the next painting, the next song, the next score I want to do? By the very nature of their interests artists are looking for something different. And here’s what’s so important about both those pursuits: the artist hunts not just for the next subject or what’s different for its own sake; the artist considers what next subject would be beautiful. Fit for purpose, right for the customer, a breakthrough that will be elegant.
Creating beauty is foremost for an artist. Artists are observers. They are naturally drawn to look at things closely, to find an emotional reaction, to interpret what they see in the world - because the emotional reaction and the interpretation form the inspiration to create beauty. That's what business should be doing.

There’s a lot more about why artist are the kind of people we want in our business.

- Being an actor means you are on the stage playing a role. The difference between a good actor and a bad actor is how authentically you can play the role. And yes, we’re all playing roles; there’s nothing wrong with that. A role doesn’t mean something false that I adopt like a mask or a costume. A role is a piece of me. It can be an authentic piece of me. If I’m playing a role here in business, I want to play it authentically and I want people here to play their roles to the fullest, yet authentically. The role is my function here, and it is a role I can play authentically.

- Anyone who thinks about art and the universe thinks about the classical form of the drama. There’s a beginning, middle and an end to everything whether a conversation, a meeting, or the company itself. Artists know that; they are comfortable with the dramatic form. And in the other sense, they bring the drama.

- I have a great focus on primary things – primary emotions such as fear, greed, love. I don’t have problems speaking words like evil and good. These can be metaphors, and metaphors are useful in business. Artists, writers, actors, musicians, creative people live by metaphor; they understand it, can speak it, appreciate it.

- Artists are explorers. What happened in Europe that we in Europe decided to get a boat and go across the ocean in 1492, and explore the rest of the world and come back with spices and ideas and spaghetti and gunpowder and all kinds of things and be there first? What inspired people to go out and bring something new from another place? File #: 4795432

What inspired people to say, “If I bring it to my society, maybe we can be better off.” Well, we did that through the last three hundred years and now in this last global communication world of TWITTER, we totally forget to think about things like that. Basically, nobody goes to a flower show to figure out how they can make something better.
And artists won’t consider the politics of being adventurous. Artists are positive about doing something that’s never been done before, and they aren’t afraid. So that’s how we built ING Direct USA: out of the box with as many artists and musicians as we could hire.

I feel that America may be starting to understand. We have a President whose father wasn’t even born here. We’ve gone out of the box. Maybe business people will take a lead from the politics and actually hire people that have nothing to do with business. Creative people who know how to think can create tremendous ideas by coming from a totally different industry and seeing things that we’ve been looking at forever. They see the forest and can help us see it, even when at first we see only the trees.

**HK** What characteristics are required in today’s commercial world?

**AK** There are four characteristics that are of primary importance for commercial success.

1. **You need people who are willing and able to be vulnerable.** That is most important, and first it must be true about me. If I am prepared to be vulnerable, I’m going to subject myself to a second person’s anger, frustration, love, hate, uncertainty. And the other person has a similar experience: one day you’re madly in love with me; the next day you’re irritated with me.

   “Arkadi can be incredibly affected, incredibly disappointed and he never hides it. It’s his vulnerability that creates the loyalty we feel for him,” one senior employee told me. “He’s not a level playing field. It’s the humanness of him that lets us think we can be part of his team. We see our own foibles and that’s OK because we see that Arkadi isn’t buttoned up, always a level controlled guy.”

2. **You need someone at the top who can manage a company of people who are authentic, emotional and vulnerable.**

   You will see that when it comes to artists, being vulnerable is much less an issue than it is with classically trained business people. So if you aren’t prepared to tell it to me – if you don’t engage me in a verbal conversation – I’ll do 90% of that by just reading your body. I’ll read your face; I’ll read your hands. I can basically tell 80% of your story just from looking at you.

Think about this. How can you be the best doctor if you don’t genuinely care about people? Business is a calling. We’ve tried to reduce it to a strategic equation but business is really about moving people, reading people, the ability to engage people. File #: 3300325

4. You understand the strength of natural power – personal power.

I think there’s a bit of a real challenge where people tend to rely much too much upon hierarchical power and authority and they totally underestimate the ability called natural power; personal power. People don’t reflect enough; actually look enough in the mirror. Do you know what people say about you behind your back? Do you ever even think about or guess about that? We all have stories about what we think people think of us. We listen to our own stories. We fall in love with our own stories, but we don’t know the real story. I believe you are a much better person, and a much better manager, when you actually have an inkling of what people honestly thing about you behind your back.

HK How does vulnerability relate to commercial results at ING Direct USA?

AK If I am actually exactly myself and I’m prepared to be vulnerable, then you actually have a very good chance of making a true, authentic judgment of who I am. If I am prepared to be completely authentic with you, I am inviting – sort of demanding – that you be the same. And that’s the best chance I have to get the best out of you. So there’s little room for you to be artificial. You’re forced to try harder.

And, I’m getting deeper into your skin, getting to know exactly what makes you tick. I’m there to try to motivate you at a basic level, rather than through some external means at an artificial level. Either of us could hurt the other, but we don’t because we have built a relationship of trust. File #: 8600168
Think about it. Here’s the contract. You spend time here. I pay you money. You can look at it contractually. You can say, “I do what I need to do and I’m going to give what I need to give. What’s mine is mine, what’s yours is yours and I give unto Caesar what is Caesar’s due. OK? But on the other hand, if I actually know what your strengths and weaknesses are, what your desires and your dreams are, what really challenges you personally here and what you want to do that motivates you – if I can read you at a deeper level I can certainly bring those into the equation and move you in a much more powerful way. You are more likely to be in the right job, doing what you’re best at doing, contributing in a powerful way, and I am less likely to spend time shoring you up.

**HK**  
*In your view, why are relatively few business leaders vulnerable in the way you describe?*

**AK**  
Here we get to the issue. It is a matter of maturity. Being thoughtful, reflective, open to new ways of working, being emotional, being vulnerable – all that is about maturity. It is about understanding the framework of life, understanding what it is to operate on values; understanding the concept of giving, the concept of service, of humbleness, of being more than yourself; the value of being authentic. It is being able to read people and situations and so making better judgment calls. It is even about accepting the ebb and flow of the life cycle, and understanding that the business, and you, will not endure eternally.

These are attributes we think of when we think of a great manager and a great leader. These are characteristics and attributes that shine through and make a person effective. They allow you to inspire and get things done. If you can get to this level when you’re thirty, it’s much better than arriving there when you’re fifty.

There was a time in our history – in countries around the globe – when there were Rites of Passage. It was quite tribal. Send a boy out to kill his first deer. Send young men off on the boats. They would go two years to sea or to the military. There were Rites of Passage for women. In some places there was terrible suffering involved. These are culturally driven ways for an adolescent to become an adult. We are missing that. There are no rites of passage. Women are wondering, “Why are these thirty-year-old men not willing to commit to a relationship?” It’s because they’re still boys. They might have all the attributes of a man physically, but they’re not there mentally and emotionally. *File #: 3487028*

Over time, eventually, life does that in stages, as opposed to doing it in a very compressed period of time, like two years in the military. People get a little knock in sports, they get a knock on a job, they
might end up fathering a baby and then all of a sudden they realise, maybe life isn’t all about me; maybe it’s also or all about this little person. Maybe they have a breakup. And in fact falling in love and breaking up is a good thing, because it’s a huge personal learning experience.

The point is, either you go through rites of passage or it’s going to take a much longer time to develop the emotional maturity required to be creative, vulnerable, open to people and ideas, willing to take risk that actually eliminates risk. People who are young today might get there in their forties or fifties. File #: 8618880

We have more good managers if people were coming into the commercial world more mature. Nobody is paying me because I’m a great leader; that’s too vague. They pay me because there are constantly business pressures that can have a good outcome or a bad outcome and everybody is expecting me to produce, in hindsight, the good outcome. It’s a scorecard: the more mature you are, the better your business decisions and so the better your commercial outcomes are likely to be.

This is true whether it’s a play, a speech, a painting or a business. There’s no way to escape the reality of the score. Caesar’s legions won in Gaul or they lost in Gaul. We can go back and dissect till the cows come home yet we’re not going to escape the eventual outcome. The legions triumphed, Gaul was subdued, and Caesar won.

The Orange Code: How ING Direct Succeeded by Being a Rebel with a Cause

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Contact Helen Kelly, International Editor, The Working Manger
Helen.Kelly@TheWorkingManager.com