
THINKING DIFFERENTLY

EIGHT PRINCIPLES FOR PREPARING FOR THE FUTURE

Tracey Keys explores how leaders need to think – and act – differently to prepare themselves and their organisations for the future



Reliable crystal balls are in short supply – which is a problem as leaders and executives need to cope with an increasing amount of change coupled with uncertainty and volatility in the environment and their markets.

“If you are not able to manage ambiguity, and you need to understand everything before you start doing anything, you narrow everything and reduce your options and possibilities. This will not work in the future,” Clara Gaymard, president and CEO of GE France, says.

Preparing an organisation for the future requires thinking differently. The playing field in which companies operate is changing. So too are the players, their roles and even the game itself. Old mindsets need to be replaced with a fresh approach based on what the world is becoming, not what it used to be.

Easily said. But most organisations, and the executives leading them, are very busy. However, not taking the time to prepare for the future is a choice. A bad one. Companies such as Kodak and Nokia failed to keep up with changes in technology and consumer behaviours that they themselves once shaped – respectively resulting in bankruptcy and selling off the “crown jewels”.

This article offers eight principles for thinking differently, recognising that the value is in the thinking and readiness for the future that this brings rather than in detailed planning, as plans will need to evolve over time.

1

EMBRACE AMBIGUITY: DON'T JUST THINK OUTSIDE THE BOX, THROW AWAY THE BOXES

Executives typically divide the world into boxes (industry, market, products, functions) to simplify thinking and activities. But these boxes no longer reflect the realities of cross-boundary competition and an increasingly interconnected world.

Today, no individual firm can own and manage all of the critical assets or supply all the products and services required to provide consumer or customer experiences. Rather, the challenge facing leaders is to throw away the boxes, to embrace the ambiguity and the opportunities of the growing interdependence between industries, countries, companies, organisations and functions.

BMW's revolutionary i3 and i8 cars do just this, combining intelligence, new energy solutions and a clear understanding that what they are doing is meeting end-users' personal transportation needs, not making cars.



2

THINK FIRST FROM THE OUTSIDE-IN, THEN INSIDE-OUT

Many leaders define and look at the world with their organisation – and its products and offerings – at the centre, locking thinking internally and into the past.

Preparing for the future requires taking a fresh, clear-eyed look at the changes happening in the world – from the perspective of what customers, consumers and other stakeholders will need and what others will do, not what you do now. It means recognising that your organisation will need to change to meet those needs and new roles.

For example, the growth and increasing reach of companies such as Tencent and Alibaba is built on embracing global insights, balancing this with local offerings. The key is to embrace the perspective of others to challenge today's assumptions, business models, value propositions and ways of working and to build a view of what it will take to succeed in a very different future.



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3 IDENTIFY AND ADDRESS ROOT CAUSES, NOT SYMPTOMS

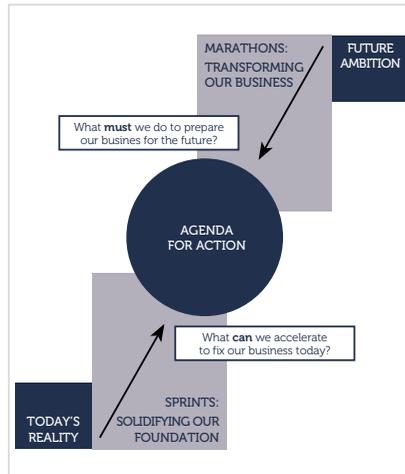
Many businesses are firefighting, tackling the symptoms of common challenges – such as commoditisation, more demanding customers and non-traditional competitors – without asking why the fires are starting. The result is often exhausted organisations repeating the same activities and hoping for different results.

Leaders must step away from symptom management to identify and remedy the underlying root causes of today's problems while incentivising the organisation to spot risks early.

For example, one leader recommended "zero-basing", which means recognising that tinkering with an approach that has not worked is unlikely to improve things. Instead, stop what is not working, look at the problem with fresh eyes and find an approach that will. Past formulae for addressing short-term threats will not prepare organisations for addressing long-term opportunities.



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4 PRACTISE TWO-DIRECTIONAL THINKING

Many organisations are trapped in yesterday's choices, planning to achieve constant growth rates starting from today's base. The mindset is often what can we do today as opposed to what must we do to succeed in the future?

The only real option to challenge this approach is two-directional thinking.

The first direction is thinking from where you are in the present towards where you want to be in the future, identifying what can be achieved with the business as it is. The aim of these "sprints" is to accelerate on-going initiatives to build the foundation for growth.

The second direction – which must happen at the same time – means having a point of view on the future and defining the organisation's ambition for success, irrespective of its position today. From there executives must look backwards towards the present to identify the fundamental steps to achieve the stated ambition.

The aim here is to identify "marathons", which are long-term platforms to drive future success and on which it is essential to start to act today.



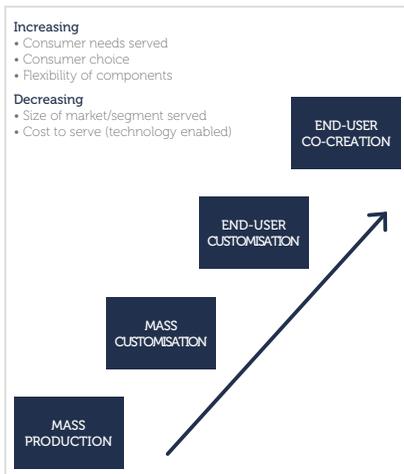
5 MANAGE IN RELATIONSHIPS/ NETWORKS VERSUS TRANSACTIONS

Relationships will be central to success in the future. In a world defined by networks and connections, an organisation that focuses only on maximising its own benefits through transactions with individual stakeholders and controlling resources and power will fail.

Preparing for the future requires recognising the growing interdependence among players. No single individual or organisation has all the insights, knowledge, resources or capabilities needed to succeed in the future. Agility and influence to shape the future will be as important, if not more so, than control over today's activities.

Emerging industries are better created through partnerships, for example between business and government. Take electric cars, where automakers need infrastructure and regulations provided by government, R&D from academia and consumer buy-in to build the required ecosystem.

Leaders must therefore engage with stakeholders inside and outside their organisation – you are either at the table shaping the future or you are outside waiting to play catch-up. When business is about connections, how those connections are made and maintained matters.



6

FOCUS ON CO-CREATION

Businesses are no longer at the centre of value creation; consumers and customers are. As their power rises, the focus of consumption is shifting from products, to services, to the overall experience.

In this landscape companies need to look outside their own labs and inventions to understand what consumers really will pay a premium for and what they want in the companies they associate with.

Companies also need to recognise that consumers and customers are not just interested in buying products but in co-creating the overall experience – and have the awareness, interest and ability to do so. While GE embraces the maker movement, Disney and Tencent are tapping into the needs and behaviours of the next generations of co-creating consumers through game-based approaches.

Co-creation is more than customisation, involving consumers in innovation and consumption experience design and even in reshaping business models. The challenge for leaders is to embrace co-creation with a mindset that prizes curiosity, continuous exploration and creativity.



7

ALIGN PURPOSE AND PROFIT

Some executives view the sole role of business as making profit; anything else is pure philanthropy or propaganda. Business should take care of business.

But while operational rigour and delivering results will obviously remain critical, in the future it will not be sufficient. Leaders must also address people's need for meaning and purpose and societal expectations and demands of organisations.

Paul Polman, CEO of Anglo-Dutch consumer products group Unilever, suggests: "There is a huge opportunity for businesses that embrace this new model of responsible capitalism, but it does require a different approach. This goes well beyond CSR. It's about moving to a licence to lead".

Purpose clarifies why an organisation exists and why customers, employees and other stakeholders should wish to interact with it. In an increasingly interdependent world, purpose will play a greater role in shaping successful organisations for the future, complementing the pursuit of profit.

8

EMBED CONTINUAL CHALLENGE; AVOID COMPLACENT COMPLIANCE

We hire for diversity but fire people because they are different. We talk long term but reward only on short-term activities. Leaders say: "Don't worry, we have time. Our leadership position will protect us". Even in a rapidly changing world, resistance to change can be strong.

However, whenever the pace of change in the outside world is faster than the pace of change inside, the organisation is falling behind. The challenge is not to avoid change but to embrace it as a continual necessity in a dynamically changing world.

Take Royal DSM, which began 110 years ago as a coal mining company and has undergone a number of transformations to become today's materials and life sciences firm. Its CEO explicitly states that a goal is to redefine the business while it is still doing well. Such an approach requires tackling complacency to build the courage, capacity and commitment of individuals right across the organisation so that they are willing and able to challenge the status quo and to take ownership of the firm's long-term success.

THE CHALLENGE OF THINKING DIFFERENTLY

Thinking differently is not easy. The last principle – building the courage, capacity and commitment to challenge the *status quo* – is perhaps the most difficult, not only for leaders and their organisations but also for the business schools tasked with helping them to prepare for the future.

But thinking differently is essential to staying ahead of change.

Ask yourself: what do I and my organisation need to do to embrace these principles?

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ABOUT THE AUTHOR

Tracey Keys is the director of Strategy Dynamics Global SA, a Switzerland-based consultancy. She is the co-author, with Thomas Malnight, of *The Global Trends Fieldbook*, from which this article is adapted. (www.GlobalTrends.com) and of *Ready: The 3Rs of Preparing Your Organization for the Future*, with co-authors Thomas Malnight and Kees van der Graaf (www.3RsReady.com).