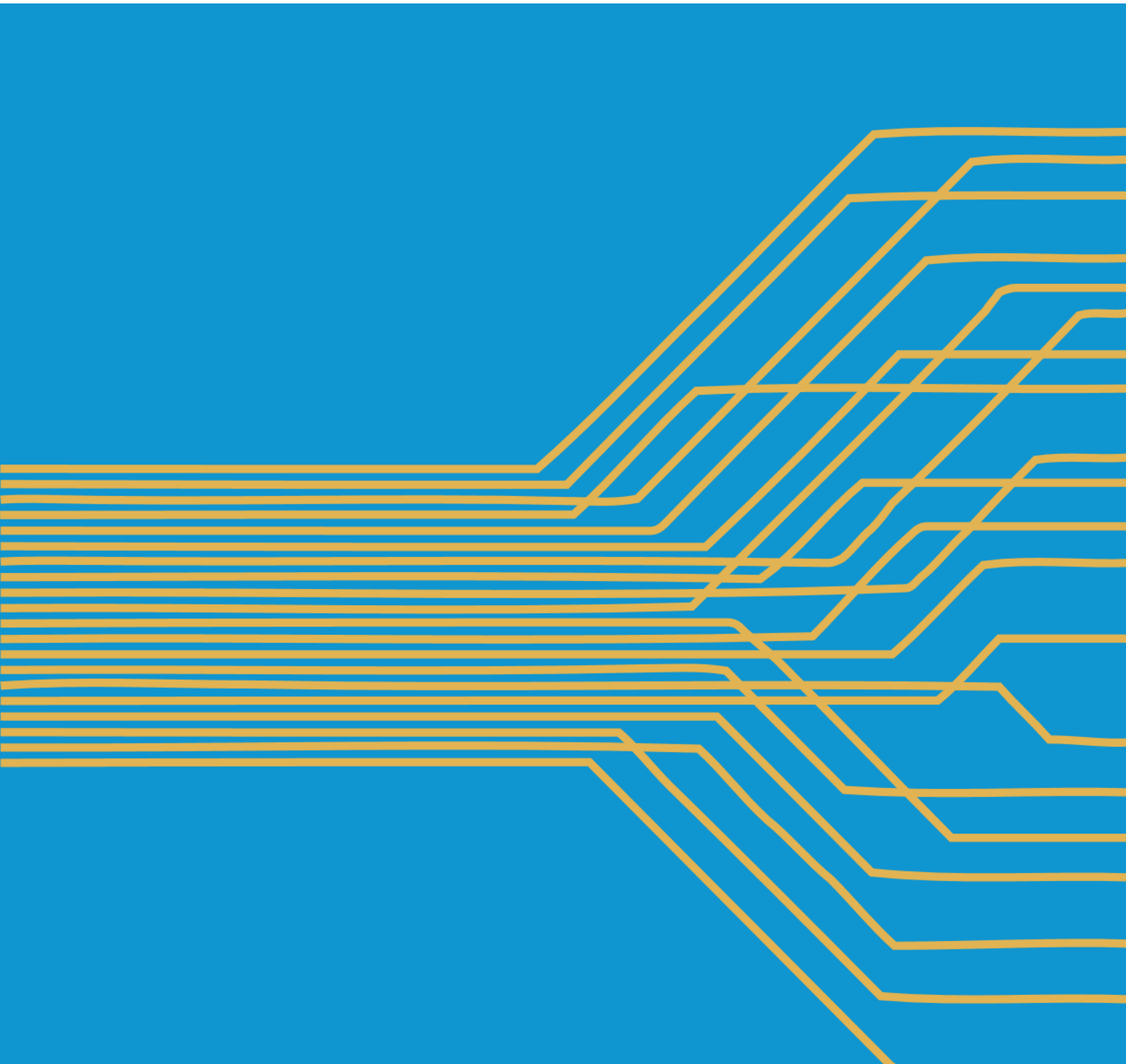


# 22

## How to Survive in Times of Radical Innovation with Peter Hinssen



**Do you feel that the world around you is changing faster than ever before, and the rate of change is actually accelerating? Do you believe that the number of 'unknown unknowns' is increasing? You're not wrong. In the 20<sup>th</sup> century size was power. Today, in the age of urgency, being 'big' seems to be a disadvantage.**

**Peter Hinssen**

Entrepreneur, Author, Lecturer  
MIT and London Business  
School, Partner at Nexxworks



# EXPONENTIAL EVOLUTION

TODAY'S PACE OF CHANGE IS EXPONENTIAL, AND LARGE ORGANIZATIONS STRUGGLE TO SPOT NEW AND RADICAL IDEAS QUICKLY, UNABLE TO MOVE FAST ENOUGH TO DEVELOP THEIR POTENTIAL.

CHANGE, AND THE RATE AT WHICH CHANGE IS HAPPENING CONTINUES TO ACCELERATE.

Business, society, and the ways in which people relate to and are shaped by technology are evolving at an exponential rate. It's a time of enormous opportunity, rich with possibilities, but it is also an anxious time.

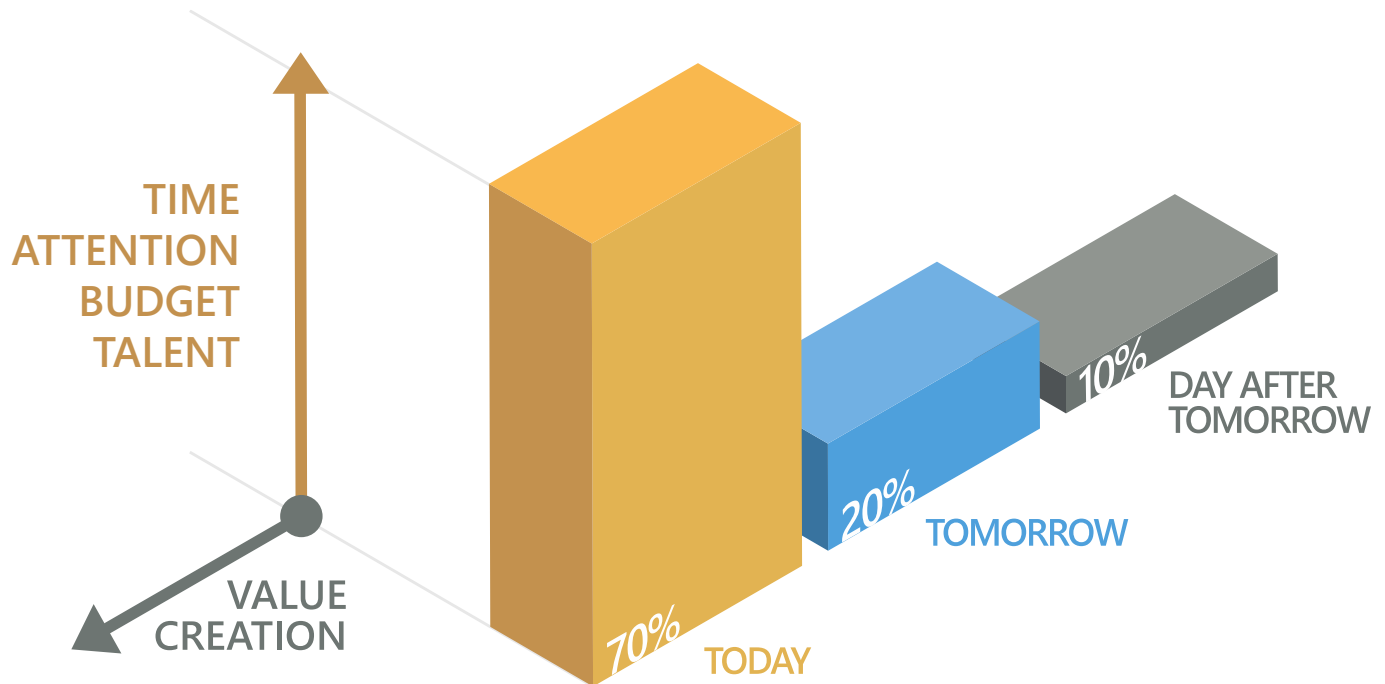
How do we avoid being left behind?

How can an organization encourage innovation?

How much risk can we tolerate, and how do we harness our current strengths to drive future transformation?

# Success means focusing not just on tomorrow, but on what the Day After Tomorrow will bring.

How much time **do** you spend in the **Day After Tomorrow**?



In a world of exponential innovation it is easy to be taken by surprise. Organizations trapped by linear thinking may not notice the steepening exponential curve until it's too late, and they're left behind by more nimble competitors. We need to speed up our innovation processes and be ready to respond to rapid change.

Incorporating 'Day After Tomorrow' thinking into our business models is the key to developing agility. Companies should spend 70% of their time, talent, and investments on today, 20% on tomorrow, and 10% on the Day After Tomorrow. Ten percent might not seem like much, but devoting even a small amount of time and energy to the long view can generate enormous long term value.

Successful companies don't wait until they are in decline to start thinking about the next big thing. When your competitors overtake you, riding the exponential curve of disruption, it's already too late. It may seem counterintuitive, but the right time to begin this process of risk-taking and long-term radical thinking is now, when the revenue is flowing, growth is rapid, and you're crushing your competition. That's when you have the time and the money to shift gears, and you're going to need to shift them because big changes are coming.

WE HAVE ARRIVED AT A MOMENT WHEN  
A COCKTAIL OF NEW TECHNOLOGIES IS  
ADVANCING THE SPEED OF CHANGE.

IT'S A 'WRIGHT BROTHERS MOMENT', WHEN  
KEY INNOVATIONS CAN TRIGGER A CASCADE  
OF CHANGES THAT TRANSFORMS THE WORLD.

# THESE ARE THE ENGINES OF OUR FUTURE



ARTIFICIAL INTELLIGENCE



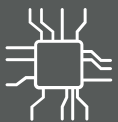
INTERNET OF THINGS



MIXED REALITY



BLOCKCHAIN



QUANTUM COMPUTING

# THE ENGINES OF OUR FUTURE

Artificial Intelligence has been around as a concept and a curiosity for decades, but we haven't had the processing power to make it a useful reality.

Now cloud computing has become the new normal, and the smallest startup has access to processing at a scale that was previously only available to giant corporations or superpowers.

The AI winter is over, and as it permeates every industry and every aspect of our lives it will become, in the words of AI pioneer Andrew Ng, "the new electricity".

The Internet of Things is becoming much more than a clever way to turn on your lights. We are approaching a point when all devices will 'wake up' to become intelligent, connected and communicative, and this will have a massive impact on the way we live and work.

The IoT, combined with machine learning and digital manufacturing will usher in the Fourth Industrial Revolution, when manufacturing meets the era of the network in a vast digital ecosystem.

New network-based logic, like the blockchain, will have an impact far beyond cryptocurrency. It can be used to manage contracts, supply chains, even entire companies, helping us to build a more private, secure, robust, and decentralized 'Internet of Trust'.

Augmented and Virtual Reality are already having an impact on the way we interact, bringing profound changes how we experience technology and the world around us. We are only beginning to explore the benefits AR and VR can bring to industry, but it's clear that the human-computer interface will be a key nexus of innovation.

Quantum computing. It's by no means certain to succeed, but if it lives up to its promise the leap in processing power will drive breakthroughs that we can hardly begin to imagine.

**How do we accelerate  
our Day After  
Tomorrow thinking  
to survive and thrive  
in times of radical  
innovation?**

# SURVIVING IN A VOLATILE, UNCERTAIN COMPLEX AND AMBIGUOUS WORLD

When new ideas, technologies, and business models can suddenly change everything, concentrating on the 'Day After Tomorrow' isn't a luxury, but a necessity.

It's vital to embrace the exponential future of business, understanding that agility may be your company's single biggest asset. The time for risk-taking and long-term radical thinking is now, when you have the time and the money to shift gears.



# CRITICAL QUESTIONS

GET TO THE HEART OF THE STRUGGLES THAT CORPORATIONS FACE AS THEY TRY TO ADAPT TO A VUCA WORLD: VOLATILE, UNCERTAIN, COMPLEX AND AMBIGUOUS.

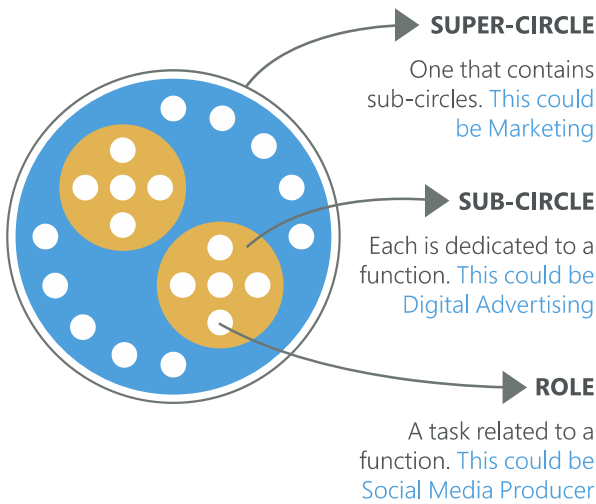
- 1** Why is it almost impossible for large organizations to spot new and radical technologies quickly, and develop their potential?
- 2** Why are large corporations so eager to acquire new startups, and why are they capable of messing them up profoundly in record time?
- 3** How is it possible that large corporations are incapable of moving on their own without external help and guidance, even when they understand their own challenges and the directions they need to take?
- 4** How can corporations accelerate their 'Day After Tomorrow' thinking, become more agile, and be successful in developing an approach that works?

Companies, even large ones, can find answers to these questions and prepare themselves for a future that's coming faster than ever before. Organizations can learn to spot the potential of new technologies, successfully integrate startups, kick their addiction to consulting, and be ready for the Day After Tomorrow.

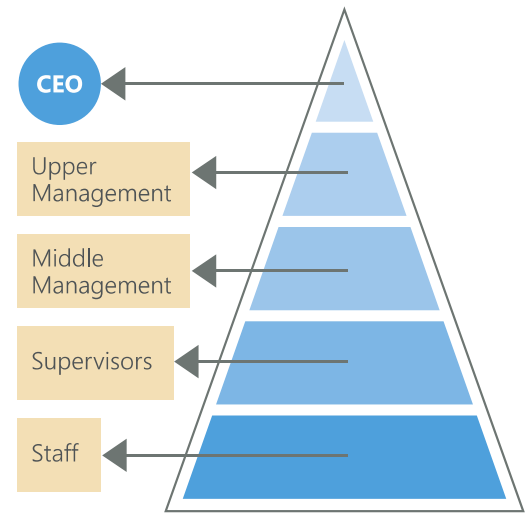
As the focus of industry shifts from atoms to bits and from products to services, the most successful companies are platforms.

## HOLACRACY VS. HIERARCHY

**Holacracy** takes powers traditionally reserved for executives and managers and spreads them across all employees



In a **traditional hierarchy**, layers of management establish how products are approved and monitored.



### WITH **HOLACRACY**

#### **Roles**

Roles are defined around the work, not people, and are updated regularly. People fill several roles.

#### **Distributed Authority**

Authority is truly distributed to teams and roles. Decisions are made locally.

#### **Rapid Iterations**

The org structure is regularly updated via small iterations. Every team self-organizes.

#### **Transparent Rules**

Everyone is bound by the same rules. CEO included. Rules are visible to all.

### IN **TRADITIONAL** COMPANIES

#### **Job Descriptions**

Each person has exactly one job. Job descriptions are imprecise, rarely updated, and often irrelevant.

#### **Delegated Authority**

Managers loosely delegate authority. Ultimately, their decision always trumps others.

#### **Big Re-Orgs**

The org structure is rarely revisited, mandated from the top.

#### **Office Politics**

Implicit rules slow down change and favor people "in the know"

In the face of rapid technological evolution, business models and business culture need to change, or risk being left on the scrapheap of history. As the focus of industry shifts from atoms to bits and from products to services, the most successful companies are platforms. Platform businesses take advantage of the power of networks to grow fast and grow smart, far beyond the limits faced by traditional 'pipeline' companies. But disruption is about more than good ideas. It's about guts, passion, and willingness to take risks and fail fast. Culture is what really matters, and culture is the one thing that can stop companies from losing their agility, speed, soul, and ability to handle radical change.

# CULTURE

Culture isn't something you can copy and paste from another company, but there are common denominators which distinguish successful Day After Tomorrow organizations.

You should redesign your company around culture, not structure. Encourage transparency, collaboration and shared values.

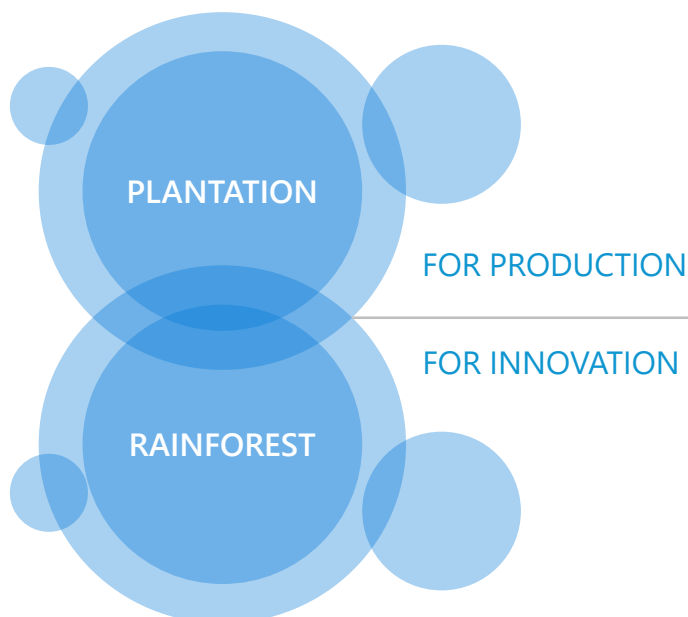
Find leaders who don't want to lead, and employees who do. Hire thinkers, doers, makers and rule-breakers, then trust them.

Embrace chaos, fight the status quo, and develop a risk-embracing, pioneering spirit of experimentation. Above all look for a point of balance, where different subcultures within your organization can coexist productively.

# REDESIGN YOUR COMPANY AROUND CULTURE, NOT STRUCTURE

One of the most inspirational insights into building organizations for the 'Day After Tomorrow' comes from 'The Rainforest: The Secret to Building the Next Silicon Valley', by Victor Hwang and Greg Horowitz. They compare the magical Silicon Valley start-up and tech company innovation mix to the ecosystem of a rainforest, which they feel is completely different to the concept of a plantation, which is how traditional companies tend to function.

But what is the difference between the two?



Excel at your job  
Be loyal to your team  
Work with those you can depend on  
Seek a competitive edge  
Do the job right the first time  
Strive for perfection  
Return favours

Break rules and dreams  
Open doors and listen  
Trust and be trusted  
Seek fairness, not advantage  
Experiment and iterate together  
Err, fail and persist  
Pay it forward

# 9 RULES TO INNOVATE AND THRIVE IN THE DAY AFTER TOMMORROW

1

## BREAK THE RULES

Rule-followers won't survive the future. Disruptors will. Make your own rules, then bend, break, and renew them, and never stop.

2

## SPEND 10% ON BEING RADICAL

More than that might weaken the 'today' and 'tomorrow' business that funds your innovation. Less will mean you'll get left behind.

3

## TRAVEL BEYOND THE LIMITS

Fight the status quo, push the boundaries and break down barriers. The impossible is just a possibility waiting to be born.

4

## GROW A PAIR

Innovation is messy and chaotic. Avoidance of risk isn't safe, it keeps you from evolving fast enough.

5

## CULTURE BEFORE STRUCTURE

Hire anyone, so long as they are passionate and committed to your customers. Your people are your culture, so choose them carefully.

6

## THOU SHALT NOT MISTRUST

The age of disruption is about trust. Trust in empowered employees and the opinions of your customers. Trust that shared ideas will grow. Suspicious minds will miss the Day After Tomorrow.

7

## FOLLOW THE VEXERS

Listen to the troublesome customers that demand the impossible. They will make you see things you didn't see before and push your company beyond its limits.

8

## MOVE FAST AND BREAK THINGS

Move before your company peaks, before you think you should be moving, then keep moving. That's the secret of eternal youth.

9

## UN-BECOME YOURSELF

You have to reinvent yourself constantly. There are so many tools, ideas, platforms, and people waiting to be connected. If you are willing to learn, un-learn, and take radical new directions, you will find your Day After Tomorrow.

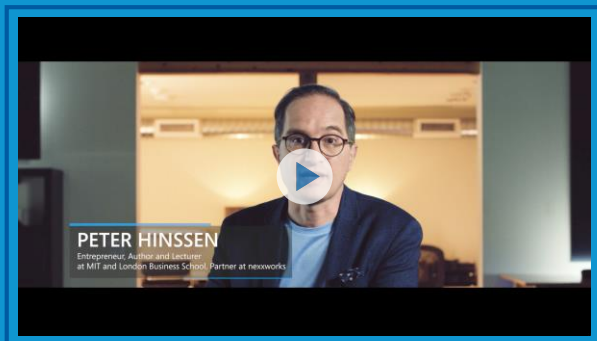
An aerial, high-angle view of a dense urban cityscape, likely New York City, with numerous skyscrapers and buildings. A semi-transparent globe is overlaid in the center of the image, showing the Earth's continents and oceans. The text is centered over the globe.

**What are you doing to  
innovate and thrive in  
the Day After Tomorrow?**

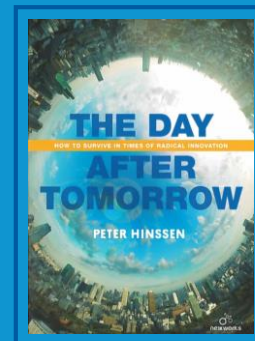
The engines that drive innovation is simple:

# Dream it. Do it.

Watch the movie



Read the book



## In partnership with nexxworks

Nexxworks inspires companies to act on their 'Day After Tomorrow'. By helping them regain the flexibility to radically innovate, that they lost as they grew. Provoking action through innovation tours, bootcamps, the nexxology community and keynotes with the latest insights in business and technology, that encourage companies to combine a long-term vision with short-term initiatives. Brought to life through a network of international and local like-minded entrepreneurs, innovators, experts and speakers.

[nexxworks.com](http://nexxworks.com)

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