How to Survive in Times of Radical Innovation with Peter Hinssen

In partnership with nexworks
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 20th century size was power. Today, in the age of urgency, being ‘big’ seems to be a disadvantage.

Peter Hinssen  
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MIT and London Business School, Partner at Nexxworks
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
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?
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.
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. 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.

Source: [http://www.holacracy.org/how-it-works](http://www.holacracy.org/how-it-works)
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 Horowitt. 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?

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<thead>
<tr>
<th>PLANTATION</th>
<th>RAINFOREST</th>
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<tbody>
<tr>
<td>FOR PRODUCTION</td>
<td>FOR INNOVATION</td>
</tr>
<tr>
<td>Excel at your job</td>
<td>Break rules and dreams</td>
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<tr>
<td>Be loyal to your team</td>
<td>Open doors and listen</td>
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<td>Work with those you can depend on</td>
<td>Trust and be trusted</td>
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<tr>
<td>Seek a competitive edge</td>
<td>Seek fairness, not advantage</td>
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<tr>
<td>Do the job right the first time</td>
<td>Experiment and iterate together</td>
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<tr>
<td>Strive for perfection</td>
<td>Err, fail and persist</td>
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<tr>
<td>Return favours</td>
<td>Pay it forward</td>
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Source: The Rainforest: The Secret to Building the Next Silicon Valley, written by Victor Hwang and Greg Horowitt
9 RULES TO INNOVATE AND THRIVE IN THE DAY AFTER TOMORROW

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.
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)