



**MENDOZA COLLEGE  
OF BUSINESS**

**Nonprofit Executive Programs**

**Foresight & Innovation**

May 26-27, 2016

Hilton San Diego Bayfront  
1 Park Boulevard  
San Diego, CA 92101

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*Obsolescence (Irrelevance)*



1. What is obsolete now that was mainstream 10 years ago?
2. What is mainstream now that did not exist 10 years ago?
3. What is mainstream today that may be obsolete in 10 years?

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**in·no·va·tion**

/ˌɪnəˈvāSH(ə)n/

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## Why is Innovation Such a Challenge?



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## Mindset

### Incumbents



### Entrepreneurs



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## Mindset



### "Incumbents"

- Safe, Incremental Gains
- Defend & Preserve
- "Stick to Your Knitting"
- Be "Better" [Change = THREAT]
- "MANAGERS"



*"In business, I look for economic castles  
protected by unbreachable 'moats'."*

*Warren Buffett*



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## Competitive Convergence

Close Cognitive Proximity



A B C D E F  
Value Attributes

Creating  
“Hyper-Competition”  
[Red Oceans]



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## Competitive Convergence



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## Competitive Convergence



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## Mindset

### "Entrepreneurs"

#### Entrepreneurial Mindset

- Restless, Uneasy with the Status Quo
- Comfortable with Ambiguity, Partial Info, Risk
- Keen Observer + Maker Instinct
- Be "Different" [Change = OPPORTUNITY]
- "EXPLORERS"



"It's better to be a *Pirate*  
than to join the navy"

Steve Jobs 1987



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## fore·sight

Noun 'fôr, sīt/



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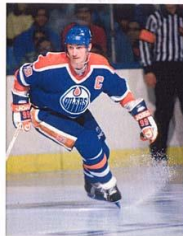
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"A good hockey player  
plays where the puck is.

A great hockey player  
plays where the puck is  
going to be."

Wayne Gretzky



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Can you guess who invented the world's first digital camera in 1975?



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i n v e n t

"We know we're the **fifth man in a four man race.**"  
Richard Kerris, HP Executive, WSJ, July 1, 2011



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Judged Too Soon ↔ Decided Too Late



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## ASKING & ANSWERING AMBIGUOUS QUESTIONS

*What's next?*



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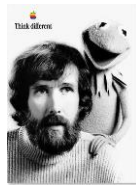
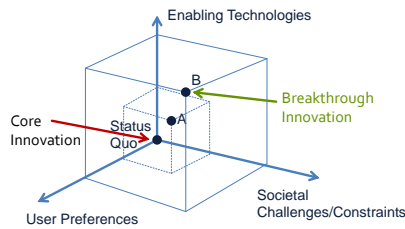
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## Stretch Your Cognitive Proximity



*"People who seem to have had a new idea, have simply stopped having an old idea."*  
**Polaroid** Edwin Land, Co-founder, Polaroid Corp.



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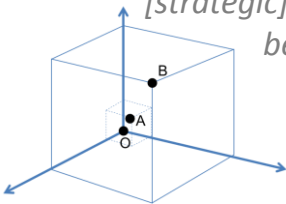
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## Change

*"Most commonly, new [strategic] positions open up because of change."*

Michael Porter



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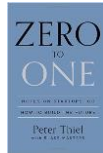
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### Breakthrough Innovation: 2 Questions

- Is it Different?
- Will it make a Difference?



If Fred Smith would have tried to fix the post office, he wouldn't have created FedEx



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### Possibilities, not Predictions

Pull vs. Push



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### That's Great...

... but we are  
*Chambers of Commerce*



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## It's a Question of Relevance



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## What's the 4<sup>th</sup> Question?



1. What is obsolete now that was mainstream 10 years ago?
2. What is mainstream now that did not exist 10 years ago?
3. What is mainstream today that may be obsolete in 10 years?



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## The Missing Ingredients...

1. Anticipation
2. Resilience

*"It is not the strongest of the species that survives, nor the most intelligent, but rather the one most responsive to change."*

Charles Darwin



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## Foresight + Innovation



Framing  
Anticipating  
Mobilizing

*"Get There Early"*



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## Let's Take a Break

*15 Minutes...*

*When we return:*

- *Strategic Framing*



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I *hear*... and I forget

I *see*... and I remember

I *do*... and I understand



*Confucius*



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## Strategic Framing



Why does your organization exist?



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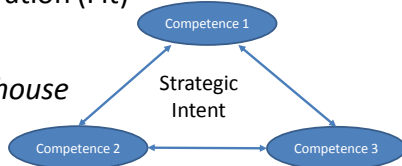
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## Crafting Strategic Difference

- Competencies (Activities)
- Strategic Intent
- Integration (Fit)

Wheelhouse



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## Core Competencies

- Provide potential access to a wide variety of opportunities
- Make a significant contribution to perceived customer benefits
- Difficult to imitate



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## Strategic Intent

- Envisions a desired leadership position
- Guides the organization on how to chart its progress
- Demonstrates an obsession with winning



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## Integration (Fit)

- Defines your **UNFAIR ADVANTAGE**  
(IRREPLACEABLE PURPOSE)



- Creates Durability for your Wheelhouse



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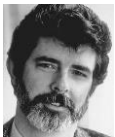
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## Wheelhouse Examples



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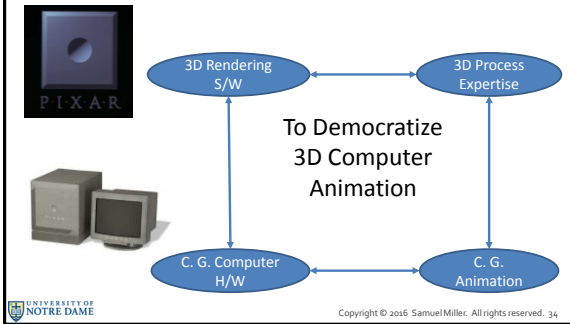
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## Wheelhouse Examples




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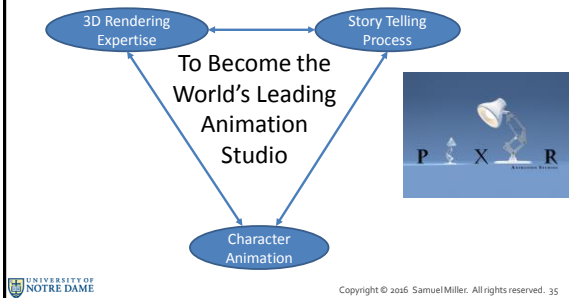
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## Wheelhouse Examples




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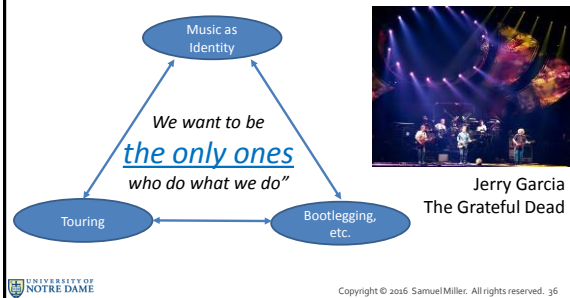
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## Wheelhouse Examples

"We do not merely want to be the best of the best..."




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## Wheelhouse Workshop

- Map your Wheel House
  - Core Competencies
  - Strategic Intent
- As they are, not as they should be



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## Wheelhouse Workshop Debrief



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## After Lunch...

- Anticipating Change



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## ANTICIPATING CHANGE

*“Chance favors  
the prepared mind”*



*Louis Pasteur*



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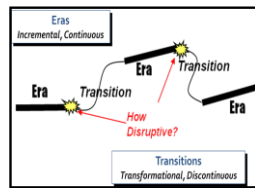
## Dynamics of Change

### Continuous Change

- Gradual change over long periods
- Usually preserves the framework/context

### Discontinuous Change

- Sudden change to new levels
- Usually destroys the framework/context
- Often involves short-term loss
  - “Creative Destruction”



Punctuated Equilibrium



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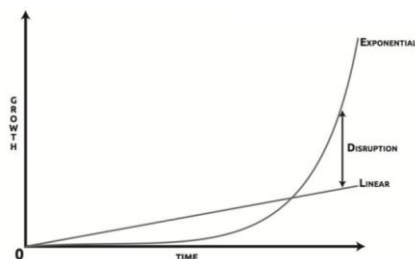
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## Linear vs. Exponential Change



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## Criticality

- Tipping points dramatically change systems behavior
- Can trigger discontinuous events



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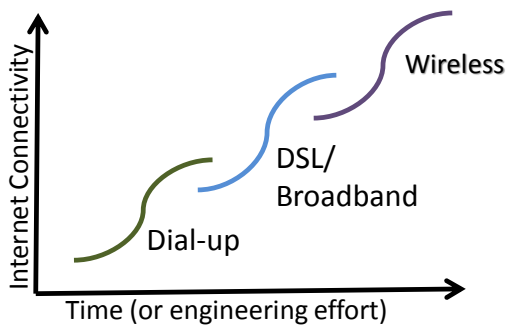
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## S-Curves



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## Paradigm Shifts



*a change in the basic assumptions  
or system conditions – permanently  
disrupting the framework*

*- i.e. the emergence of a new era*

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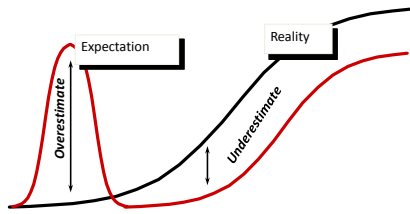
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## Hype Curve



First change --or the effect of change-- is overestimated.  
Then it is underestimated.



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## Anticipating Change



- Develop Peripheral Vision
- Keep an Open Mind
- Adopt a Systems Perspective



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## Anticipating Change



- Develop Peripheral Vision
- Keep an Open Mind
- Adopt a Systems Perspective



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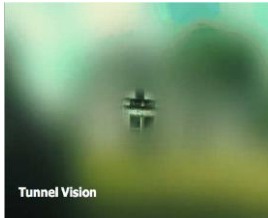
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## Peripheral Vision

Companies tend to narrow their field of view...



...Interesting change tends to occur at the periphery  
...However so do Blind Spots



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## Scanning The Periphery

To develop good peripheral vision...

- Explore “*Unfamiliar Vistas*”
- Seek out “Remarkable People”
- Know your “Adjacencies”



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## Anticipating Change



- Develop Peripheral Vision
- **Keep an Open Mind**
- Adopt a Systems Perspective



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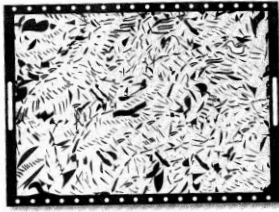
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## Keeping an Open Mind

Seeing What One Has  
Learned to See



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## Cognitive Constraints

### Educated Incapacity

- *"Knowing so much about what you know that you are the last person to see it differently"*  
Edie Weiner, FutureThink
- "Each of us responds, not to the world,  
but to our image of the world."  
Peter Schwartz, The Art of the Long View
- *"It's what we think we know that keeps us from learning."*  
Claude Bernard, Author



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## Cognitive Constraints

### The Amazing Changing Color Card Trick



<http://www.youtube.com/watch?v=voAntzB7EwE>

Can you spot how they do it?



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## Selective Perception

- The more focused we are on a challenge, the more likely we are to overlook obvious information



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## Cognitive Constraints

### Anchoring

*"It ain't what you don't know that gets you into trouble. It's what you know for sure that just ain't so."*

Mark Twain

- *Confirmation Bias*
- *Framing Lock-Ins*



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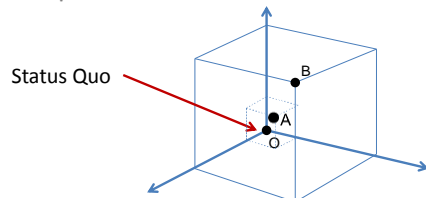
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## Cognitive Constraints

...keep us tethered to the Status Quo



... creating Cognitive Inertia

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## Anticipating Change



- Develop Peripheral Vision
- Keep an Open Mind
- Adopt a Systems Perspective

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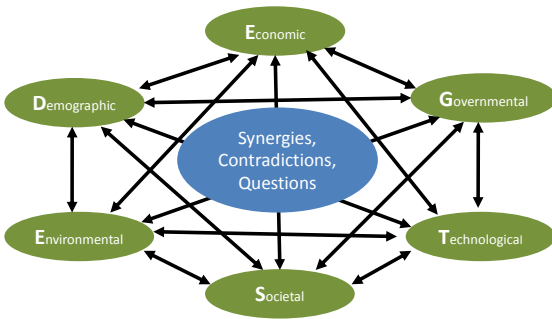
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## Adopting a Systems Perspective




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## Envisioning Change

- What forces of change are occurring?




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*Let's Take a Break*

**15 Minutes...**

*When we return:*

- *Scenario Development*



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## Scenarios

*"Scenarios are stories about the way the world might turn out tomorrow, stories that can help us recognize and adapt to changing aspects of our present environment."*

Peter Schwartz  
"The Art of the Long View"



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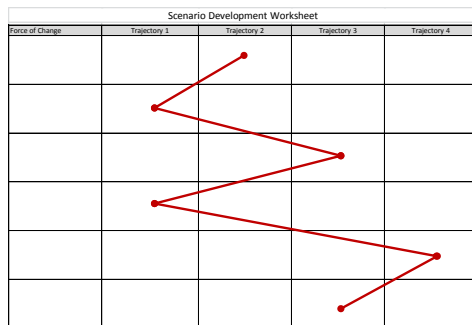
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## Scenario Development



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## Scenarios

- "The person who writes scenarios must be a good story teller"

<http://www.youtube.com/watch?v=jQ2uIPeiEYQ>



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## Scenario Example – Green Building

## Renovation Nation

- Societal attitudes towards sustainability plateau – economics continue to drive decisions
- U.S. energy resources remain abundant
- Government deficits drive tax policy – and energy consumption is a ripe target – carbon taxes gain traction raising the cost of energy use
- R&D investment in smart tech surges - adoption accelerates
  - Smart Grid
  - Smart Appliances
  - Smart Controls
- Potential savings from energy conservation gain momentum as a primary driver of building design
- Innovative financing options help overcome higher up-front costs of smart technology
- Existing stock of built real estate presents a low hanging fruit opportunity too big to resist
- *Smart becomes the new "Green" – a transition welcomed by digital natives that have come of age*
- *"Smart" renovation fuels a new knowledge economy and high wage job growth*
- *Economic gains are real delivering a "conservation dividend" – creating value across the economy*



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## Cognitive Distance

*"Any useful idea about the future should appear to be ridiculous"*

Jim Dator, Futurist  
University of Hawai'i



*"Even a forecast that never happens is worthwhile if it provokes insight for you."*

Bob Johansen  
Institute For The Future



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## Scenario Development Workshop

- Articulate an *Intriguing Scenario*
  - Sequence of Events Narrative
  - Immersive Outcomes
  - Creative Name/Identity



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## Tomorrow's Session...

- Design Thinking
- FutureTelling



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