

Change the Game

Audaciously and
fundamentally transform
an organization's—and an
industry's—future.

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ILLUSTRATION BY RAUL ARIAS



“Wash your hands.”

With that simple mandate, Ignaz Semmelweis saved countless lives.

While serving as an assistant to a professor in the First Obstetrical Clinic of Austria’s Vienna General Hospital in the 1840s, Dr. Semmelweis watched many new mothers die of puerperal fever, also known as childbed fever, a postpartum bacterial infection of the reproductive tract. The physician noted that mothers examined by student doctors faced particularly grievous mortality rates—higher than those cared for by midwives in the hospital’s Second Obstetrical Clinic or even those who gave birth on the street.

After taking these factors into account, he concluded the student doctors of the First Obstetrical Clinic were somehow transmitting the fever from the corpses they dissected in the morning to the women they examined in the afternoon. The doctor began washing his own hands with liquid chlorine. When that solution proved too expensive for broad use, Dr. Semmelweis innovated again: He created a chlorinated lime solution and insisted all his students and junior physicians use it before touching new mothers. In just seven months, the maternal mortality rate in the First Obstetrical Clinic plummeted from 12 percent to less than 3 percent—a rate lower than that among patients in the Second Clinic.

However, the medical establishment rebuffed Dr. Semmelweis’ discovery. His observations—which came about two decades before Louis Pasteur established the connection between bacteria and disease—conflicted with the then medical paradigm. His results, according to NPR and PBS, were thought by some to lack scientific basis, which led to skepticism. Moreover, many doctors became angry and defensive at the suggestion that they may be to blame for patient deaths. Despite the im-

pressive results, his superior refused to support the hand-washing protocol. Dr. Semmelweis—increasingly erratic and prone to public outbursts—did not take well to critical rejection, and he eventually left the clinic on poor terms.

Dr. Semmelweis then applied his method at the University of Pest in Hungary, producing positive results while developing his private practice. But he could not win over the medical authorities, particularly in Austria. Sinking into depression, he died from an infection in a mental hospital before he was recognized for his work.

Dr. Semmelweis’ method for preventing the spread of illness, and therefore saving lives, was nothing short of a GameChangerSM—the term we at Insigniam use to describe a person or enterprise that radically alters the way we perceive the world. In today’s business environment, as disruption accelerates at a whip-lash-inducing pace, every company, no matter how successful, must constantly hunt for these rare gems. But, as Dr. Semmelweis’ tragic story highlights, the world can be slow to accept revolutionary ideas. GameChangers are often ahead of their time—and may even seem downright crazy until acceptance of their idea reaches critical mass.

The Next Horizon

GameChangers are defined by six common characteristics:

- 1. Audacious:** Bold and break from common logic of what can be done
- 2. Broad scope:** Used, enjoyed by or help entire sectors or segments
- 3. High impact:** Touch people’s lives or the world in a big way
- 4. Pioneering:** Something novel (not done successfully before) that creates value
- 5. Embraced:** The idea, product or service is accepted on a wide scale



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6. Change the landscape: Initiate and give rise to a new set of opportunities

GameChangers are not something you encounter every day. They are not generated through marketing surveys. GameChangers are envisioned, fostered and fashioned before consumers and customers, industries or society knows what they need. They go beyond cultivating new customer groups or developing new markets. GameChangers reorder everything and gain notable competitive advantage.

To better understand how organizations can create these bolts from the blue, it is helpful to examine the horizon theory of innovation. To shield your organization from disruption and fuel the future, executives must identify those unexplored areas of potential evolution that lie between today's business and tomorrow's possibilities. These areas are a company's strategic frontiers: the markets, products, technologies or processes that are found just beyond the current corporate strategy or business model. Previously, the three horizons of strategic frontiers that span a wide spectrum of business opportunities had been defined as:

- 1. Horizon 1 (Core):** Creates near-term growth by extending current customers and products. (Think Coke to Cherry Coke.)
- 2. Horizon 2 (Adjacent):** Fuels growth by finding emerging opportunities and building capabilities and new businesses adjacent to current customers and offers. (Think going from the soda business into the juice business.)
- 3. Horizon 3 (Transformational):** Focuses on seeding options today for future profitable growth in markets and customers completely new to the enterprise or even to the industry. It creates new income streams. (Think Nespresso.)

At Insigniam, we also speak of another horizon: Horizon 0 for innovation on internal,

legal and regulatory processes.

But in a world where the best have developed the ability to embrace and integrate ongoing change (where most will continuously be challenged to disrupt or risk being disrupted), executives and organizations seeking a sustainable competitive advantage must go one step further by seeking a new horizon: Horizon 4—the game-changing horizon. This horizon might focus on products, services, processes, strategy or corporate culture, but it always fundamentally and sustainably changes a company or industry's future. Horizon 4 innovation sets a new course, invents new rules and displaces conventions.

Show Customers What They Want

To approach Horizon 4, you must have the confidence to think differently and resist the urge to fall back on market research. GameChanger Henry Ford once said, "If I had asked people what they wanted, they would have said, 'Faster horses.'" Fellow GameChanger Steve Jobs drove that point home when he said, "It's not the customers' job to know what they want. A lot of times, people don't know what they want until you show it to them." Just think: Would a participant in a focus group circa 2004 have said, "I would like a phone that can dial numbers and send emails and texts—with no buttons?"

In the BlackBerry era, when landlines were still ubiquitous, this would have seemed insane. It took Mr. Jobs' audacious brilliance and powerful stand—and his willingness to drive his design team crazy trying to achieve it—for the possibility of a phone with no buttons to exist. Now, of course, the iPhone's minimalist aesthetic is *de rigueur*. (Although, he did give in to five buttons.)

Joshua Gans, a professor of strategic management at the University of Toronto's Rotman

School of Management, further expounds on this point. He argues that companies often hasten their own demise by focusing exclusively on what customers want. “Companies think, ‘Of course, I should ask my customers before spending a lot of money developing something,’” he says. “But when you ask your customers, ‘Do you want these new things that my competitor is offering?’ they will say no because they’ve never seen those things before and can’t imagine needing them.”

The Road to GameChanger

Uber’s origin story encapsulates this type of radical thinking. Before Travis Kalanick became the company’s embattled ex-CEO, he and co-founder Garrett Camp were discussing their frustrations with San Francisco’s taxi system that failed to offer riders a reliable way to hire a cab on-demand. Consumers were left out in the cold—sometimes literally—frantically trying to wave down a taxi on the street.

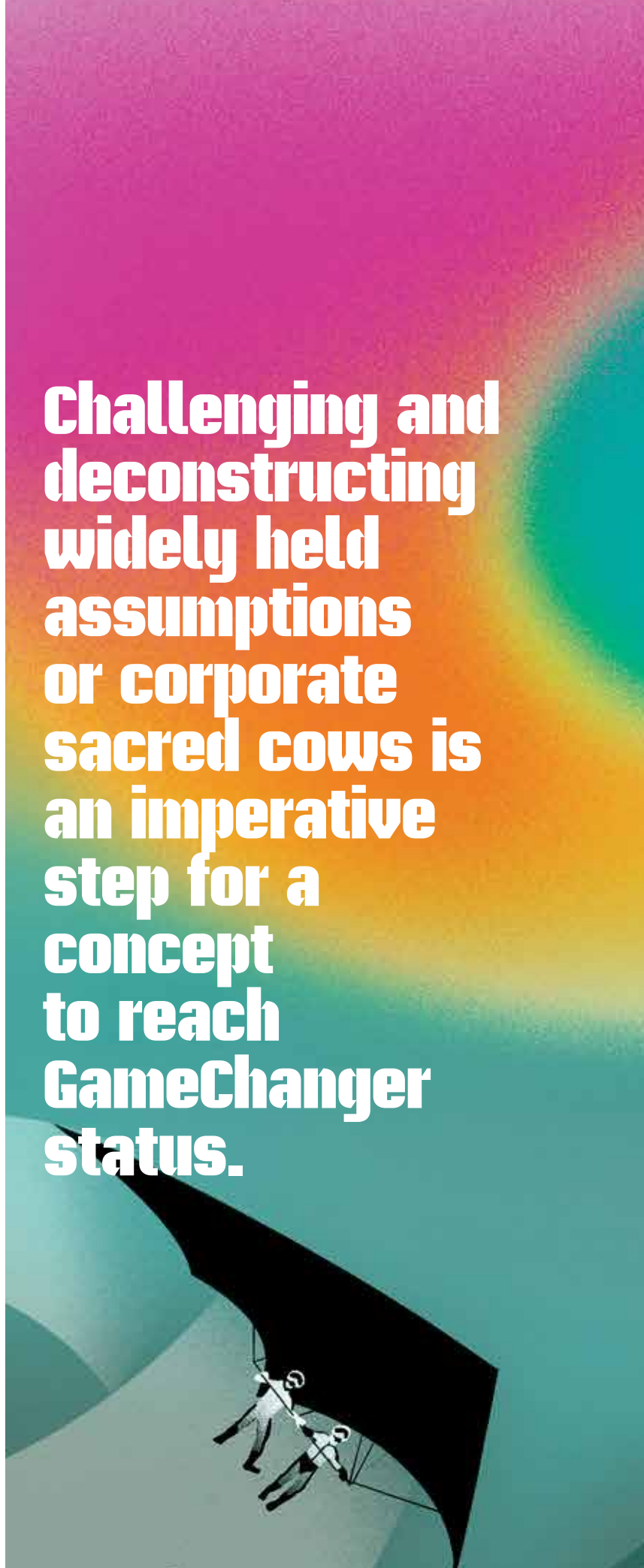
Their self-described “over-the-top idea” started as an iPhone app that let riders join a limo time-share. It was a flash of genius that the average consumer would not have even known he or she wanted.

In creating Uber, Messrs. Camp and Kalanick followed four steps that can be adapted at any organization looking to reach Horizon 4.

Step 1: They sought to identify the prevailing conceptions about local transportation. Taking a cab in the city was seen as expensive and unreliable and taking a limo even more expensive, but sometimes it was the only way for consumers to avoid the hassle of driving and parking in a highly populated urban environment.

Step 2: With these sentiments in mind, Messrs. Kalanick and Camp worked to dismantle those ideas, asking, “What if?” and “What would it take?” Challenging and deconstructing widely held assumptions or corporate sacred cows is an imperative step for a concept to reach GameChanger status. As Insigniam consultants have found through

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three decades of working with companies on breakthroughs, only around one-third of assumptions are accurate. Another third are a bit misguided and need tweaking, while the remaining are flat-out wrong.

Freed from the constraints of typical transportation presumptions, Messrs. Kalanick and Camp were able to begin steps three and four: creating, inventing and designing and then implementing and executing. In these stages, they were aided by a freewheeling startup culture that encouraged so-called moonshots.

More established corporations, however, often fail to reproduce this intellectually free environment. Years ago, we worked with Lockheed Martin. This was the organization that helped put men on the moon. Yet, when the Apollo mission ended in 1975, the business group failed to reinvigorate itself and instead became a prime example of what we refer to as “organizational drifters”—companies that merely go with the tide.

When we arrived to help reinvigorate the company, we repeatedly heard the maxim, “No half-baked ideas allowed.” In some ways, the strict rules made sense: Rigid problem-solving and execution and attention to detail resulted in many Apollo successes. But by the early 2000s, that mindset was killing creativity within the organization. By instituting a more open culture that allowed seemingly crazy ideas to be shared and explored, Lockheed Martin once again began innovating and working on a real GameChanger: a compact nuclear fusion reactor. Using water for fuel, the reactor produces byproducts that are safe for the environment and could supply small cities, ships and aircraft with virtually unlimited power. Its promise of cheap, portable energy impelled the *Washington Post* to dub it one of the best innovations of 2014.

If you are leading a company where there is no room to fail, you are effectively snuffing out the possibility of uncovering a GameChanger. Moving to Horizon 4 requires a willingness to look bad, to entertain half-baked ideas, to take

risks and to remove the instinct to place blame when something does not work out. Horizon 4 innovations are highly risky with commensurate rewards. Innovation must be imbedded in the corporate culture for Horizon 4 innovation to be an intelligent part of a strategic plan.

Peter Drucker said that culture eats strategy for breakfast. Insigniam says that culture eats innovation for breakfast, lunch and dinner.

Make the Investment

Once you have created the right environment, you must be willing to invest in the risk. Uber famously said it lost \$1 billion a year trying to enter China and lost \$2.8 billion overall in 2016, as it focused on revolutionizing transportation around the world. There were real missteps, leading to the company selling its China operations to its primary competitor last August. But that, too, is a hallmark of a GameChanger. Companies that are truly committed to world-altering innovations must commit to making significant investments and—even more nerve-wracking—must be willing to walk away when something is not working.

In the end, the ability to reach Horizon 4 boils down to creativity and bravery. Executives and enterprises must be brave enough to examine closely held assumptions and identify the ones that are inaccurate or outdated. They must be brave enough to allow workers to pursue big, incomplete, untested ideas that are often based on gut-level instinct. They must be brave enough to commit real financial resources to help an audacious new innovation gain traction. And they must be brave enough to continue into risky territory when conventional wisdom says to turn back, while also knowing when it is time to pump the brakes.

Taking on such a heavy burden is not for the faint of heart, but the rewards are sweet. Done right, pushing into Horizon 4 sets your company on a path toward unimaginable success in a similarly unimaginable future. **IQ**