

A large white question mark is positioned on the left side of the image. The background is a dark, textured surface, possibly asphalt, with white dashed lines and arrows pointing in various directions, suggesting a road or a path. The overall theme is one of inquiry and forward movement.

?

Leapfrogging

to

Break
throughs

Soren Kaplan

Most of us want innovation. And not just any innovation—breakthroughs that change the game.

At the same time, most leaders and organizations hate uncertainty. It makes sense. The unpredictable threatens our best laid plans. No wonder every management book on Amazon with the word “surprise” in its title is about how to avoid or prevent the phenomenon.

Surprise is the enemy.

Or, is it?

Could we be overlooking—even resisting—one of the most essential catalysts of personal and business breakthroughs? Could we be ignoring the most fundamental tool that anyone can use to create disruptive innovation and change?

Here’s the fundamental problem. Game changers—whether products, services, or new business models—don’t necessarily result from big visions, carefully crafted strategies, and meticulous plans. Creating disruptive, game-changing innovation requires leaders to live with uncertainty, embrace ambiguity, and respond to both good and bad surprises along the way.

We've been trained to resist the very thing that's needed to leapfrog to the next level. We need to learn to live with—even embrace—what most of us view as the enemy.

Harness Surprise to Break Through

In business, surprises signal uncertainty—something to be avoided and feared. But those unexpected events can also point the way toward an innovative approach we never before considered.

It's time for a reframe. It's time to view surprise as the life-blood of breakthroughs:

- As recent brain studies illustrate, when we experience something that challenges the old ways of doing things the pleasure centers of our brains light up. Just think about the first time you experienced an iPad, the Nintendo Wii, or Cirque du Soleil.
- In order to create breakthroughs that positively surprise others, we need to first experience surprise ourselves, as part of the process. Charting uncharted territory means forging into the unknown. And when we're living in the fog of uncertainty, surprises are as pervasive as the air we breathe. Before we can deliver disruptive breakthroughs in products, services, business models, or whatever else we're doing, we must find our own sparks of surprise. And these catalytic surprises aren't just important for kicking off an idea, but they're also helpful guideposts that pop up at key turning points during our journeys.

What are your own assumptions about surprise?

In what ways do you, your team or your organization fight uncertainty and surprise?

Four Ways to Turn Surprises into Opportunities

Business culture reinforces the view that uncertainty—and especially surprises—should be avoided at all costs. Since we can't run our businesses hoping for good luck, companies take a blanket approach to uncertainty, assuming that anything that happens outside of “the plan” is bad.

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But is it possible to incorporate surprise—the core essence of uncertainty—into our business and innovation strategies?

Some disruptive innovators are already doing it. Here's how:

Discover “Untargeted” Customers | When Canon USA President and CEO Yoroku “Joe” Adachi recently launched the EOS 5D Mark II camera geared toward general photo enthusiasts, something unexpected happened. Accolades poured in from professional videographers across Hollywood. With video quality that matched that of more specialized cameras used for television commercials, this less expensive SLR camera delivered a pleasant surprise to professionals. To Adachi’s own surprise, the Mark II had unintentionally begun disrupting the high-end professional video market. The company inadvertently discovered an entire market of untargeted customers who were using its consumer cameras for professional-quality video. This surprise revealed an opportunity to jump into the high-end video market full force and drive forward a classic disruptive innovation. Canon is now developing cameras specifically designed for this profitable niche.

Listen for Market Misperceptions | In the mid 1990’s, Four Seasons needed to get on the Internet, a risky endeavor for luxury brands at the time since the net was all about discounts. With a focus on the upscale business traveler, Four Seasons launched a website loaded with high quality photos and an 800 number to a special customer service line. The brand stayed true to its values by focusing on elegance and simplicity. No clunky online reservations tools using early technology or bargain basement discounts were part of the equation. Within a few months, Four Seasons executives learned that customers were using the site in unanticipated ways—not by finding a single hotel and making a reservation but by spending a surprising amount of time

surfing images of its most luxurious properties. Four Seasons' reservations group also reported that large numbers of guests were calling in to discuss vacation options, something that hadn't happened before. About the same time, the first-ever Wall Street analyst report comparing hotel websites was issued and Four Seasons ranked #1. The reason? "Spending time on the Four Seasons website makes us feel like we are already on vacation," said the report—somewhat of a shock to a brand focused on the business traveler. These little surprises confirmed a big opportunity that helped inspire leadership to expand globally as Four Seasons Hotels and Resorts.

Find Customers Using Your Products or Services in the “Wrong” Way | Intuit's flagship product was Quicken, the leading software program for managing home finances. But early on, CEO Scott Cook and his leadership team kept hearing that small businesses were using the product. Quicken was designed for balancing checkbooks, not for the type of debit accounting needed to run a business. Cook dismissed his own market data for over a year. But when a survey came back indicating about 50 percent of Quicken's customers were small businesses, Cook decided to look into the cause. What he realized surprised him—twice! He first discovered that the vast majority of small business owners didn't know how to do debit accounting, and didn't want to learn it, which was precisely why they were using the wrong product—because Quicken was simple and easy to use. This initial surprise led to an even bigger one: the market for small-business-accounting software was ripe for the taking. Cook and his team went to work

and created QuickBooks. Three months after launching the small-business-accounting program, Intuit captured almost 70 percent of the market. The product remains one of the company's biggest and most profitable businesses today.

“Not all surprises are good ones. When bad things happen unexpectedly, it's natural to resist them. Sometimes, however, it's possible to transform the negative into a positive.”

Flip Negative Surprises Into Positive Opportunities | Not all surprises are good ones. When bad things happen unexpectedly, it's natural to resist them. Sometimes, however, it's possible to transform the negative into a positive. During OpenTable's early days, the online restaurant reservation service received a big blow to its business model. Danny Meyer, famed New York restaurateur, told OpenTable's CEO, "Look, I don't need more business. We're full every night." Meyer represented the most prestigious customer in one of the most important food cities in the world, and he didn't need the service. This surprise led to a big shift for OpenTable: In addition to restaurant reservations, the company developed a "guest management" platform to capture and provide detailed data on the restaurants' diners themselves. By flipping the negative into a positive, OpenTable capitalized on two complementary needs and became the leader in the market.

LEAPS: Five Steps to Leapfrogging Mindsets, and the Market

When we're running fast to achieve a tightly defined goal, it's easy to pass by a promising surprise. So what can we do to embrace uncertainty, seek contradictory data, interpret misperceptions, and flip negative surprises into new opportunities?

LEAPS	Strategy
Listen	Start with Yourself, Not the Market
Explore	Go Outside to Stretch the Inside
Act	Take Small Simple Steps, Again and Again and Again
Persist	Take the Surprise Out of Failure
Seize	Make the Journey Part of the (Surprising) Destination

To positively surprise the market and leapfrog the competition, we must leapfrog our most fundamental mindsets and behaviors. Take these five steps to create your breakthrough, and discover surprises in the process:

Listen | Start With Yourself, Not the Market

Contrary to conventional wisdom, breakthroughs that leapfrog the market don't come from analyzing customer needs, creating specifications to meet each need, and building great products and services to meet them. Bob Ulrich, the former CEO of the retailer Target, was opposed to direct consumer market research, and especially focus groups. During Target's breakthrough growth years, the Target team used its own instincts to infuse leading edge design into everything, from transforming store layouts to creating partnerships with designers like Philippe Starck. Consumers didn't know what they had been missing when going to Wal-Mart or Sears, until Target showed them how "Tar-zjay" could give them "cheap chic" in a way no other retailer could.

Leaders like these don't get bogged down in data, but rather find opportunities to deliver an entirely new level of value. Research from the University of Amsterdam reveals the dynamics behind how these leaders rise above the complexity of today's business environment. Researchers found that when subjects were presented with large amounts of data, those that conducted the most analysis and spent the most time reviewing options and choices were not the best decision-makers. In fact, those who were forced to ignore detailed data through intentional distractions from the researchers used "unconscious thinking time" in their thinking process, and not only made superior decisions but were better able to recognize patterns in the complex data.

Steve Jobs and Apple never conducted market research as they developed the iPod, iPhone and iPad. Rather, Jobs and his team at Apple defined products and a user experience they, themselves, wanted. Asking the market what it wanted would have been fruitless since consumers didn't know what they were missing until they were given it by the company. Leapfrogging involves determining what one values and where we want to make a difference—both in what we do and how we do it. Disruptive innovations come from people and organizations who “innovate for themselves” because they want to make a difference for others.

What do you know that data can't tell you?

Where do you want to make a big difference in the world?

Explore | Go Outside to Stretch the Inside

Leading breakthroughs requires an agile mindset that appreciates ambiguity. Disruptive innovators know that uncertainty contains as much opportunity as it does risk. But to make this mindset practical, it is essential to push personal, team, and organizational comfort zones. Borders, the recently bankrupt bookseller, stuck to its retail knitting even while Amazon, Apple, and Barnes & Noble were introducing eBook platforms to transform the industry. When we remain safely rooted

in how things are done today, we miss the kind of insight and market impact needed to protect ourselves from, or create, a true disruption.

A series of research studies from INSEAD and Northwestern University sheds light on how we can overcome the paralysis that characterized Borders' leadership. Researchers studied the problem-solving skills and creativity levels of individuals who have lived in two or more cultures versus those who have never lived abroad. The findings from the research demonstrates that when individuals are forced to confront competing assumptions and norms through living abroad, the boundaries of their assumptions and related defenses soften. The concepts of “the right way” versus “the wrong way” break down. Instead of responding to a challenge like a deer in the headlights, they see connections and patterns that most others don't see and find the most creative opportunities.

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Leaders who possess a track record of pushing their own personal boundaries are best equipped for tackling the gray areas. These individuals stretch their comfort zones by taking on roles spanning different functions, working across diverse industries or living in different cultures. They seek out and share emerging trends from adjacent and non-adjacent industries with their teams. They create unconventional partnerships. They become adept taking themselves, their teams, and their organizations out of the proverbial corporate comfort zone and into uncharted territory.

How can you bring an outside perspective inside, to yourself personally, to your team, or to your organization?

What trends, customer needs, or technologies can you connect into from outside your normal scope?

Act | Take Small Simple Steps, Again and Again and Again

Paradoxically, leapfrogging to breakthroughs involves simultaneously focusing on your own intentions and motivations to make a difference, like Target and Apple did, while at the same time gathering as much input from others as possible—from customers, employees, partners, or anyone else deemed relevant to the opportunity. Leapfrogging involves putting a flexible stake in the ground around a specific opportunity, and then taking a series of actions to intentionally challenge assumptions and rapidly change direction as many times as necessary.

Researchers from the University of Virginia explored the differences in problem-solving styles and thinking between serial entrepreneurs (individuals with at least 15 years experience who had taken one or more companies public in their careers) and professional managers from large corporations (including leaders from Shell, Philip Morris, and Nestlé). Each cohort was provided a hypothetical case of a start-up and was asked how they would help it develop and grow.

The entrepreneurs first looked at the resources and information they had at their disposal, defined short-term actions, and then improvised. They looked for ways to solicit input from anyone and everyone who would listen. Their primary objective was to deliver something tangible to customers, even if it wasn't fully developed, in order to gain feedback, challenge their assumptions, learn, and iterate to better ideas. Professional managers, on the other hand, began by listing concrete goals and plans. They too viewed customer input as important, but saw it as a single up-front input to help them understand customer requirements.

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The researchers concluded that the greatest difference between entrepreneurs and corporate managers lies in the difference of a single belief about the future. Professional managers assume the future can be predicted; they create goals and plans and then attempt to control how things will unfold. The fundamental assumption, therefore, is that personal assumptions and learning happens primarily in the beginning of the process. Serial entrepreneurs, on the other hand, find ways to use external inputs of all types to challenge their assumptions throughout the journey to their breakthroughs. They use a multitude of small steps and activities to help them adapt and modify their goals and strategies.

Leapfrogging to breakthroughs requires a mindset of continuous adaptation. Going after big opportunities doesn't mean we must bet the farm. Breakthrough innovation involves determining which small steps will have the greatest impact. While taking this approach can indeed help minimize risk, it requires leaders to approach "planning" in a flexible way that allows for major shifts in goals, metrics, and timelines as part of the process.

What is the smallest step you can take that will have the greatest impact?

What's your "prototype" that you can share with friends, family, colleagues, partners or customers?

Persist | Take the Surprise out of Failure

When Sarah Robb O'Hagan, President of Gatorade, learned that many young football players pack bananas in their sport bags but find them mashed between their cleats before practice, she asked her product development team to develop a pre-workout drink pouch packed with carbohydrates. Gatorade launched the pouch with the goal of tapping into a white space opportunity.

“We knew drink bottles like the backs of our hands, but pouches were a completely new animal,” according to O'Hagan. But while the pouches tested well in the lab, some of them leaked on store shelves. In many companies, customer complaints would have halted the innovation in its tracks. Rather than run for cover, O'Hagan helped Gatorade “reframe failure” by emphasizing the importance of trial and error. “We could have waited another six months to ‘get it right, but we would have missed both the summer season and a great learning opportunity. In fact, the leaky pouches caused everyone to revisit their assumptions about the packaging, which led to an even better ergonomic design and superior packaging materials,” she told her team. Leadership like O'Hagan's characterizes the reframe required for disruptive innovation. While few leaders want failure, when leading disruptive innovation, setbacks are a natural part of the process.

Leaders who face the fear of failure head on—and who help their teams and organizations do the same—are most prepared to use setbacks as springboards to success. A Harvard University study on the impact of fear on decision-making, for example, found that fear creates pessimism, which

leads to risk-averse behavior. This same dynamic occurs on a widespread scale when the stock market falls and investors sell at the bottom to “get out” in order to regain a sense of certainty.

Leapfrogging involves creating “optimistic persistence” in order to combat fear, pessimism and the tendency to retrench back into the safety of the existing business model. Research from Columbia and Harvard Universities found that when people were asked to act assertively, they experienced a biological response consistent with feelings of being powerful. When compared to people who were asked to act passively, those who felt more powerful took greater risks when given the opportunity to gamble money.

Creating breakthroughs involves taking action in the face of uncertainty, seeing results, learning from them, and modifying assumptions and behaviors based on these results. Even when the results are “negative,” the goal is to persist using the insights gained from the experience. Such an approach creates a sense of progress where positive results can be celebrated and setbacks can be seen as learning opportunities. This mental model feeds optimism and inspires further action, which results in the type of optimistic persistence required to weather the tough times.

How can you leverage what you do control to minimize the risk around what you don't?

What are your potential future failures and how could you flip them into innovation stepping-stones?

Seize | Make the Journey Part of the (Surprising) Destination

A whole cadre of examples shows how companies begin with one focus and end up succeeding with another. Wrigley started out selling baking soda and soap. Giving away gum was a perk for customers who responded with such surprising delight that the company shifted its entire focus to chewing gum. YouTube began as a dating website before becoming the de-facto standard for sharing videos on the web. Hasbro initially sold pencils and school supplies before stumbling upon an independent inventor who sold the company the rights to Mr. Potato Head.

The path to a breakthrough is not always predictable or linear. Leapfrogging to the next big thing is a process fundamentally laden with uncertainty and surprise. Recognizing the value of the power of surprise when we receive unexpected jolts to our strategies, plans, and assumptions, allows us to respond with purposeful agility—versus dismissing surprises as problems that lead us to disregard the insights or messages they may contain.

What unexpected data, experiences, or events have you resisted that may have contained hidden clues to new opportunities?

What surprises have you experienced that shaped where you are today?

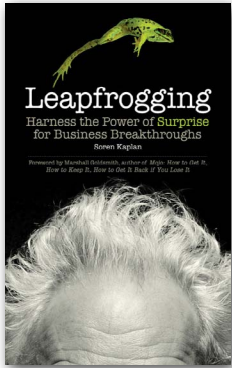
Surprise, the core essence of uncertainty, can't be forecast or predicted. But the reality of business—and life—is that surprises can and do play pivotal roles in shaping what is to come.

When unexpected events or experiences occur, rather than fight them, there can be value in looking into the heart of the surprise to uncover what it may be telling us. A surprise is a surprise because it forces us to revisit assumptions. The stronger our reaction—either positive or negative—the stronger our assumptions are likely challenged or reinforced by the surprise.

“Leapfrogging involves creating “optimistic persistence” in order to combat fear, pessimism and the tendency to retrench back into the safety of the existing business model.

Charting new territory involves using uncertainty as a tool to discover direction. The real missing ingredient for breakthroughs that leapfrog mindsets and markets lies in how we uncover, interpret and respond to the single most predictable aspect of real innovation—the inevitable surprises that will come our way. 📍

Info



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ABOUT THE AUTHOR | Soren is the Founder of the Leapfrogging Alliance. He helps innovative leaders disrupt mindsets and markets, and works with organizations including Disney, Kimberly-Clark, Colgate-Palmolive, Medtronic, Philips, PepsiCo, and numerous other global firms. Soren previously led the internal strategy and innovation group at Hewlett-Packard (HP) during the roaring 1990's in Silicon Valley and was a co-founder of iCohere, one of the first web collaboration platforms for online learning and communities of practice. He is an Adjunct Professor within the Imagineering Academy at NHTV Breda University of Applied Sciences in The Netherlands. He can be reached through his website, [leapfrogging.com](#).

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