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### LEAPFROGGING

Harness the Power of Surprise for Business Breakthroughs

By Soren Kaplan, Ph.D.

www.leapfrogging.com

WALL STREET JOURNAL BESTELLER
WINNER: 2014 INTERNATIONAL BOOK AWARDS (GENERAL BUSINESS)
WINNER: 2013 AXIOM BOOK AWARD (LEADERSHIP)

If there's one thing we all learn in business, it's to avoid uncertainty at all costs.

In **LEAPFROGGING** (Berrett-Koehler Publishers), author Soren Kaplan reveals why this command-and-control mindset is exactly what stymies innovation today.

Turning conventional wisdom on its head, Kaplan shows how both positive and negative surprises have the power to change the game in any endeavor – if we open ourselves to them and learn the right way to harness unexpected experiences and events.

Through extensive research, compelling examples and 20 years in strategy and innovation, Soren Kaplan has identified a consistent process for using surprise to create transformative business breakthroughs.

Kaplan's research reveals that surprise is not just something that differentiates breakthrough products and services – it is also a key ingredient in *creating* those delightfully surprising breakthroughs. In fact, Kaplan shows, the single most important factor to fostering true game changers isn't the classic light bulb-above-the-head big idea. It's the way leaders and organizations handle the discomfort, the disorientation, and the

thrill (and pain) of living with uncertainty, finding clarity from ambiguity, and being surprised.

#### Examples include:

- **Open Table**, the online dining portal, which began with a stream of surprises that guided the company toward lightning fast growth
- **Hemisphere Development**, a small redeveloper of "environmentally distressed" properties, which discovered how to use grants and tax incentives to turn industrial no-man's lands into thriving ecologically sound communities
- **KIPP Academies**, which created a network of 100 inner city charter schools with over 27,000 students who boast a 90% graduation rate from college
- **HousingWorks**, which reinvented the nonprofit thrift store model to raise money for HIV/AIDS by creating stylish destination stores with the unique look of a designer boutique
- **DMI Music**, a music production company that creates "audio logos" like United Airlines' Rhapsody in Blue

Leapfrogging shares stories like these from scores of global companies, start-ups, and nonprofits including Four Seasons, PespiCo, Kimberly-Clark, Philips, Unilever, Colgate-Palmolive, and many others. Connecting these examples to the latest social science and brain research on how we experience surprise, Kaplan provides proven practical tools for navigating the seemingly "messy" process of achieving business breakthroughs.

#### **ABOUT THE AUTHOR:**

Soren Kaplan is the author of the award winning and bestselling book Leapfrogging. As the founder of InnovationPoint, he 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 and has lectured at Harvard Business School, Copenhagen Business School, and with other MBA and executive education programs. He has been quoted, published, and interviewed by FastCompany, Forbes, CNBC, National Public Radio, the American Management Association, USA Today, Strategy & Leadership, and The International Handbook on Innovation, among many others. He holds Master's and Ph.D. degrees in Organizational Psychology and resides in the San Francisco Bay Area with his wife, two daughters, and hypo-allergenic cat.

#### **ABOUT THE BOOK:**

**LEAPFROGGING:** Harness the Power of Surprise for Business Breakthroughs

by Soren Kaplan

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#### **TESTIMONIALS:**

"Leapfrogging challenges its readers to break out of conventional thinking by employing a few simple notions: know who you are, stay true to your purpose, and enjoy the journey along the way. By showcasing examples of challenging conventional thinking, embracing surprise, and welcoming failure as a learning exercise, Kaplan invites readers to learn from the stories of others. Leapfrogging shows that leaders who look inward to challenge the status quo will be on track to truly change the game."

#### -Sarah Robb O'Hagan, President, Gatorade

"Breakthroughs in business don't follow set formulas. We must continually explore options, test, and modify our assumptions based on results and feedback. Then, we can adapt to what we experience and learn. *Leapfrogging* delivers new principles and tools that readers can apply to their business, whether they're just starting out or leading an established organization. It is the new guide for entrepreneurs and leaders in today's environment."

#### —Glenn Allen, cofounder, OpenTable

"We as business leaders are always talking about, but rarely find, the key to lasting breakthroughs in the organizations we lead. We push and persist and still get incremental results. *Leapfrogging* is an extremely useful and insightful handbook for managers on how to finally break the cycle of incremental innovation."

## —Dr. Ric Roi, Senior Vice President, Global Center of Excellence; Head, Consulting Practice Leader, Asia Pacific Right Management/Manpower Group

"Superbly crafted, powerful in its simplicity, offering smart, actionable learning... Finally, a simple, holistic model that allows for breakthrough thinking and living."

# —Mary Beth Robles, Vice President, Innovation Capabilities and Knowledge Systems, Colgate-Palmolive

"Creating breakthroughs requires new approaches to how we engage in learning as leaders ourselves and as organizations. *Leapfrogging* reveals strategies for engaging people in the type of experiential learning that challenges assumptions and leads to breakthroughs."

—Anne Blouin, CAE, Chief Learning Officer, ASAE: The Center for Association Leadership



#### IN THE PRESS

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Risk Management



#### A Conversation with Soren Kaplan, author of LEAPFROGGING

#### Why do most businesses avoid surprises at all costs?

We're trained to think that the more control we have the more successful we'll be. That's why on Amazon every management book with the word "surprise" in its title is about how to avoid or prevent the phenomena. Businesses hate uncertainty. You can't forecast or anticipate surprises so they're seen as either irrelevant or as threats.

#### Why is the power of surprise necessary to creating a business breakthrough?

First, the definition of a breakthrough is that it's something fresh and new that produces a significant leap forward. There are two dimensions to the power of surprise when it comes to breakthroughs. When we experience a game-changing product or service, for example, we feel positively surprised – just think Apple, Nintendo Wii or Cirque du Soleil. And brain research proves that we actually crave surprise.

Second, during the process of creating breakthroughs, surprises inevitably crop up along the way. Success depends on our ability to interpret and respond to unexpected good and bad events, unanticipated customer comments, and other surprising experiences.

## What are examples of business breakthroughs that resulted from harnessing the power of surprise?

Examples can be found in business and also nonprofits:

- OpenTable's CEO, Chuck Templeton, received a huge negative surprise when Danny Meyer, famed New York restaurateur, said he didn't need the reservation service since his restaurants were full every night. This led Templeton, to flip a negative surprise into a positive opportunity by creating a new model that delivered both reservations and "guest management" tools to help restaurants understand who was actually sitting at their tables.
- Canon USA President and CEO "Joe" Adachi recently launched the EOS 5D
  Mark II camera geared toward general photo enthusiasts. But 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, the Mark II had unexpectedly begun

disrupting the high end professional video market. Canon is now developing cameras specifically designed for this profitable niche – and leapfrogging the competition in the process.

• Dave Levin, the founder of the Knowledge is Power Program (KIPP), a network of 100 inner-city charter schools with 27,000 students, experienced a surprise that led to a unique approach to shifting the allegiance of gang members away from their gangs and toward school. When first starting out, Levin unknowingly sat a group of new students facing the existing students in his class – and didn't realized they were from rival gangs. To alleviate the tension, he had students say chants and sing songs to create shared purpose and unity, which has become an essential approach for all KIPP schools.

#### Why is surprise one of the most essential tools for innovation?

First, surprises are an inevitable part of life, and therefore business. Most companies don't realize that surprises actually contain useful information if we take the time to interpret them. In the late 1990's, for example, Four Seasons Hotels primarily served business travelers in the North American market. When the first-ever Wall Street analyst report comparing hotel websites was issued, Four Seasons ranked #1. The reason why? "Spending time on the Four Seasons website makes us feel like we are already on vacation," said the report. The fact that the report lauded the hotel for its vacation focus, created a big disconnect for Four Seasons' execs since they were targeting the business traveler. This surprising misperception was a key factor that prompted senior leaders to reposition the company to Four Seasons Hotels and Resorts and expand globally into vacation destinations.

## How can surprise be useful to managers to create breakthroughs in everyday challenges they face at work or in their department?

When we're surprised by something, it can be because our assumptions our challenged. And when our assumptions are challenged we are given the opportunity to revisit what we are doing and why.

#### What can management do to foster a culture of innovation that is open to surprise?

Most leaders and companies can point to defining moments that resulted from being surprised. Make these experiences explicit and talk about them. Recognize the role that surprise played in shaping where you are today. There also techniques that can be used to find surprises, which then help create a culture that values the unexpected:



- Find customers using your products or services in the "wrong" way
- Discover "untargeted" customers who are using your products or services
- Listen for market misperceptions
- Flip negative surprises into positive opportunities

### What's the first step anyone should take to start getting closer to a business breakthrough?

Actually there are two complementary things – a mindset shift and a practical step. The mindset shift involves tuning into the value of surprise itself. Look back at the unexpected events that have already shaped your personal and professional life. Realize that more are coming.

The practical step involves putting a stake in the ground around what you want to create or transform as part of your breakthrough. Once you have a sense of overall direction which will shape your lens on the world, you're better able to find the most meaningful surprises.

#### Why do you say breakthroughs begin with yourself, not the market?

If you want a game changing breakthrough, customers will rarely ask for it. Target never did market research. They became "Tar-zjay" because they decided that they would be known for great design. Apple created the iPod and iTunes because they wanted it for themselves, not because customers asked for it. If you want a breakthrough, you need to do something that's meaningful for yourself first and foremost. After you've figured that out, then go out and test your ideas with customers and let the surprises roll in.

## How is modern business squelching imagination, innovation and the propensity for surprises?

There have never been more books, articles, experts, training programs, boot camps, and other resources for innovation. The word "innovation" itself, is starting to mean everything and nothing all at the same time. We haven't cracked the nut of breakthroughs. That's because most businesses believe that if they put the right processes, tools, or templates through the corporate meat grinder then they'll get a breakthrough. It's not about finding the next silver bullet but realizing that surprises that hold insights and clues to opportunities are all around us and happening all the time – and that everyone's set of surprises are different.



### How has your experience and background developed your expertise in the connection between surprise and breakthroughs?

I used to lead the strategy group at HP in the late 1990's. I've worked with companies like 3M, Disney, Colgate, Medtronic, Cisco, and Visa and now teach innovation at the university level. My entire focus revolves around finding the conditions and creating the environment where surprises can be found and breakthroughs created.

## Did you have your own "Aha moment" of surprise that led to your research and conclusions?

The whole insight behind "the power of surprise" came from a surprise of my own. During a year living in Paris, I stumbled upon a café and was utterly surprised by its entire approach to business. Out of 35,000 bistros and cafés, the cafe was ranked as the top coffee spot in Paris by the *New York Times* and also by author of *The Sweet Life of Paris*. My own experience around how the café surprised me, along with the surprising fact that I had actually wandered into a breakthrough which was the topic of my book, shifted my entire focus. I started researching surprise and talking to leaders who had created game-changing innovations to learn about the role of surprise within the back stories of their more public success stories.

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