LEAD
FROM THE
FUTURE

*How to Turn Visionary Thinking
into Breakthrough Growth*

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Everyone recognizes a great, visionary leader when they see one—at least in retrospect, after their prescient ideas have been borne out by time. In history, Winston Churchill inspired the British in their darkest hour, and Nelson Mandela led the resistance to apartheid from his prison cell on Robben Island. Visionary industrial-age titans like Thomas Edison, Henry Ford, and Kiichiro Toyoda, and, in our own day, Bill Gates, Steve Jobs, and Jeff Bezos recognized the transformative power of new technologies and leveraged them to build vast enterprises that changed whole economies and ways of life. Each of these leaders looked past the conventional wisdom of their day, foresaw a different and better world, and mobilized others to join them in their quests to create it.

Where did their vision come from? By what alchemy, besides sheer force of intellect, personality, and determination, did they bring them to life? Visionary business leaders, we are told, are usually entrepreneurs who build their organizations from scratch; rarely, if ever, are they found at established organizations. Most, we have been led to believe, are creatures we can only admire

and never hope to emulate, who are gifted with a mysterious power of second sight that lets them see opportunities where others cannot.

That is not what we think. As business strategists who specialize in helping firms navigate disruptive change and develop future-oriented growth strategies, we have learned that visionaries are simply flesh-and-blood human beings who have figured out how to develop actionable views of their organizations' best possible futures—views that are clear-eyed, inspiring, and granular enough that they can be operationalized, which is to say, directly linked to an explicit strategic path that starts in the here and now. We believe that the ability to develop and then actualize such a vision is a critical—perhaps *the* critical—executive skill, though it is sorely neglected in traditional management doctrine.

When he was a young man, Apple's Steve Jobs experimented with LSD and lived in an ashram in India. We're not going to tell you that we have a formula that will allow you to do all the things that he did—at the beginning, in that fabled garage in Los Altos, and years later, when he transformed Apple into the giant enterprise that it is today. But we can tell you that you don't have to take mind-altering drugs to become more visionary.

> Developing and deploying an inspiring and actionable vision is a skill that can be learned. Beyond that, it can be driven into the cultures of even the most hidebound organizations, reigniting their entrepreneurial fires and infusing them with a renewed sense of purpose and direction.

Why Vision?

Schumpeter's gales of creative destruction are blowing as hard as they ever have.[1] In a world that is shifting so rapidly that the next ten years could witness as much change as the last century, the potential for disruption is high. Meanwhile, a troubling trend is emerging. In 2019, Innosight conducted a survey of executives across a wide variety of industries around the world. Fully 75 percent reported that their planning and forecasting horizons are never more than five years out. Only 10 percent plan for eight to ten years or more.[2]

If you are only thinking two or three years ahead, years five to ten might bring you an unwelcome surprise that you haven't planned for. You could be blindsided by an aggressive challenge from an upstart competitor, putting a ceiling on your growth; a new technology could render your flagship product irrelevant. Worse yet, you might miss a breakthrough opportunity if you don't seize it early on. Most leaders understand this—but the pull of the present prevents them from really engaging with the future.*

Innosight, the strategy and innovation management consultancy that Mark cofounded with Harvard Business School's Clay Christensen, and where Josh is a partner, began with the goal of helping clients harness the theory of disruption that Clay developed and popularized in his seminal book *The Innovator's Dilemma.*[3] (Disruption theory, in a nutshell, proposes that the more successful a company becomes, the more likely it is to fall victim to a new competitor that operates in a new and different way.)

In our early days, we worked with innovation and leadership teams at consumer product giants like Procter & Gamble, leading medical device and pharmaceutical firms such as Johnson &

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*Of course some industries (biopharma, military contractors, utilities) do have longer horizons, and some (for example, software) have shorter ones. But most organizations need to focus on a longer-term planning horizon than they currently have.

Johnson, great military contractors like Lockheed Martin, and government agencies, such as Singapore's Economic Development Board, to help them gain a better understanding of the disruptions that were threatening them from below and the disruptive innovations they could develop to save themselves. Threats, we showed them, can be turned into opportunities.

But while the teams we worked with had no shortage of good ideas, too many of the initiatives they launched failed to achieve escape velocity and mature into the transformative ventures that they might have become. In some cases, senior management refused to supply them with adequate funding as they launched, or to protect them from their internal rivals as they incubated and scaled; some looked like they were on a path to success but then fizzled. At the root of the problem were the processes by which senior management developed its strategic choices and priorities, which were overdetermined by their existing ways of doing things. As Wendell Weeks, the CEO of Corning, puts it, "It's way easier to hold onto a hill when you're at the top of it than it is to take a hill."[4]

Why is that? In part, it's because of what we call the present-forward fallacy, the seductive notion that an existing business can be extended out in time indefinitely by continuously making improvements to it. Those core improvements, whether incremental or radical, are "sustaining innovations," and they are entirely necessary to keep an organization on track.[5] Every business leader needs to excel in this area and many do. But such improvements are not sufficient to ensure topline growth and sustainability over time. The systematic pursuit of long-term, breakthrough growth is needed as well.

Leaders who think about the future but then focus exclusively on sustaining or efficiency improvements may believe they have a long-term vision and strategy, but often what they have is a glorified operating plan that perpetuates their assumptions about how their markets work today. Even when leaders do understand the

The Four Most Common Failure Modes for Transformative Innovations in Large Organizations

- **Too late.** Leaders recognize the need for new growth but don't commit to it until their competitors have already seized the opportunity.

- **Too few resources.** Leaders appropriately organize and adopt long-term growth initiatives but fail to allocate sufficient dollars, the right people, and enough of their own mindshare to sustain them.

- **Impatience for growth.** Many transformative ventures are slow to bloom. Perhaps an early business experiment fails or has slower than expected results. Instead of redesigning the experiment to learn more, senior leadership pulls the plug. Or maybe it experiences some early-stage success and senior leadership demands that it be scaled up before all of its premises have been thoroughly tested, causing the venture to make a fatal stumble.

- **Competition from the core.** A challenge with growth in the core may cause resources to be diverted away from a promising new venture. Or, in a misguided attempt to restore organizational efficiencies, leadership might "cram" a successful new venture back into the core prematurely, causing it to lose the unique attributes that were responsible for its success.

evolving dynamics of the future and want to change course to embrace them, they often mismanage their responses because they overestimate the riskiness of investments beyond the core. As we'll show, those risks can be managed—and the risk of *not* doing something may be much higher.

Senior leaders' calendars are filled with profit and loss reviews, business plan reviews, marketing reviews, human resources reviews, and so on. Each follows a template, and each is usually concerned with short-term horizons. When they convene as a team, their agendas mostly turn on routine oversight and governance. That is as it should be, when the job at hand is routine management. But when markets shift, consumer preferences change, or new technologies emerge, leaders who solely think in a present-forward way are often caught unawares, busily working to solve today's problems but utterly unprepared for the even bigger ones that are on their way.

This shortsightedness doesn't just afflict businesses. Governments are big organizations too, and they are just as vulnerable to unanticipated change as businesses are. So are universities, great philanthropies, advocacy groups, the military, and even faith institutions. Whether it is the US government's failure to confront the dangers of global climate change or to fix the nation's crumbling infrastructure, universities' inability to gain control of their rising tuitions, religious institutions' struggles to stay connected to their members, or the military's tendency to fight the current war as though it's the last, they all desperately need better ways to plan for and build a more prosperous, equitable, and sustainable future.

In response to these challenges, we've formalized a way of thinking and a set of allied processes that can help leaders think further out than the three to five years that most set as their planning horizon—and find the courage and the wherewithal to create and lead change when it's called for, starting today. *Future-back,* as we call it, is iterative and nonlinear. It's the way of thinking that

The Power of a Long-Term Planning Horizon

- It silences the distracting noise of the here and now, with all its competing demands for attention.

- It allows you to see how faint signals and emerging trends could become fault lines that fracture over time.

- It expands your scope of vision to include beyond-the-core opportunities that will likely take five years or more to incubate and scale.

- It's hard to discuss which of your current efforts may need to be slowed down or stopped. Having a well-developed view of the future takes some of the emotion out of the issue and clarifies what needs to be done today.

- It drives strategic continuity, even as the membership of a leadership team changes over time.

is needed when the objective is to go beyond your organization's established ways of doing things—to help you identify and fill a projected shortfall in a market; reinvent a core business or a flailing function; or develop a disruptive, beyond-the-core product, a breakthrough marketing strategy, or a bold new vision for the enterprise as a whole.

It may sound like a tautology, but the surest way to break free of the barriers to visionary innovation and change is to actually do the hard work of envisioning your future. The fact is, you don't know what you don't know. If you don't think about the future in a systematic way, you won't think about or fully realize the threats
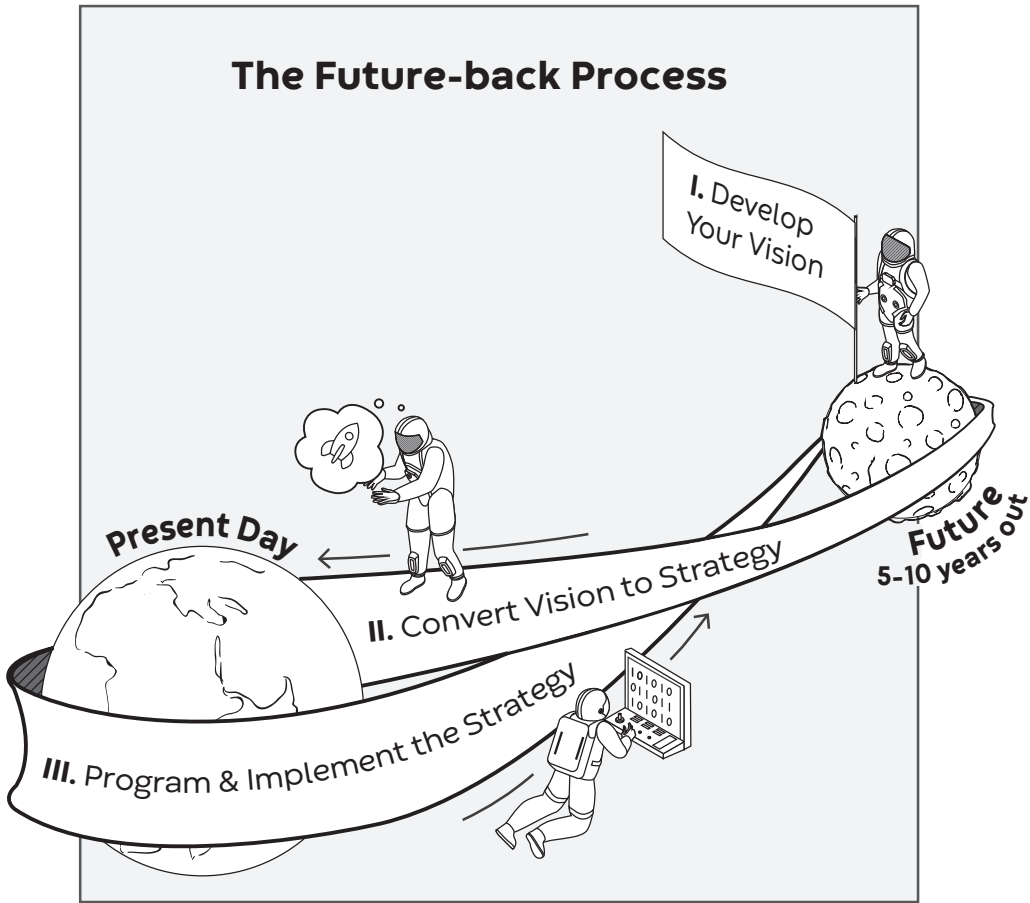
and opportunities that await you. Once you begin to see them for yourself, you won't be able to imagine how you could have functioned with such an incomplete perspective.

Lead from the Future

At the highest level, our future-back approach is relatively simple: setting aside your assumptions about the way things work today, think carefully about your destination—your organization's target end state in the future—and then develop and implement a step-by-step plan to get there.

That said, developing and implementing the transformative plans that come out of future-back thinking is anything but easy. The organizational systems and cognitive biases that get in their way don't just go away; they exert a constant, inexorable pressure, and they need to be met with an equal and opposite reaction. Developing successful future-back visions and strategies requires new organizational systems and, indeed, new biases, the most important of which is an abiding belief in your ability to shape the future for the better.
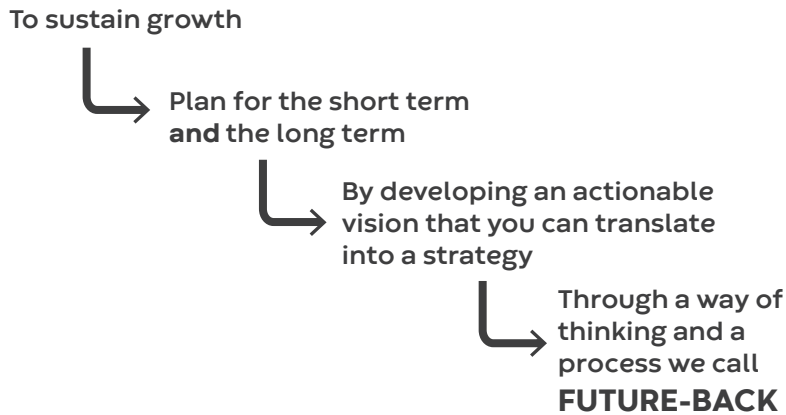
Future-back thinking and planning begins with exploring and envisioning—that is, actively, intensively, and imaginatively immersing yourself in your organization's likely future environment and then determining what you must do to not only fit into that environment but to actively shape it to your needs so you can thrive in it. But it doesn't stop there. We'll show you how to translate your vision into a long-term strategy and then walk it back to the present in the form of concrete initiatives that are programmed and implemented in the right way moving forward, as shown in the figure. While our methods won't allow you to predict the future with absolute certainty (no one can), they will give you the clarity that you need to meet its challenges and opportunities proactively, which,

The Future-back Process

I. Develop Your Vision

Present Day

Future 5-10 years out

II. Convert Vision to Strategy

III. Program & Implement the Strategy

combined with proper planning and disciplined execution, will allow you to better sustain your organization over the long term.

Since senior leaders make the resource allocation decisions that spell the success or failure of breakthrough innovation efforts, they must own them at every phase of their development, working closely with the innovation teams who carry them out on a day-to-day basis. Of course, this doesn't mean you should devote all of your time to the future. Maintaining a healthy and thriving core requires significant leadership attention. In most cases, spending

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The Essence of This Book

To sustain growth

→ Plan for the short term **and** the long term

→ By developing an actionable vision that you can translate into a strategy

→ Through a way of thinking and a process we call **FUTURE-BACK**

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10 to 20 percent of your time on new, beyond-the-core growth efforts is enough. Spend less, and very likely you will be pushing your organization ahead with blinders on. When management is combined with vision you can lead not to but *from* the future, steering your organization into a world that you have at once discovered and helped to create.

What's Next

Lead from the Future is the capstone of Innosight's thinking about enterprise sustainability and growth as it has developed over the last twenty years. Integrating the disciplines of strategy, innovation, leadership, and culture, it defines and prescribes the principles and practices that allow organizations to truly own their future. In writing it, we have applied both our own ideas and those we have absorbed from other management thinkers, the best prac-

tices we have observed in the field, and the attributes of practical visionaries that we have gleaned from our ongoing work with leaders of incumbent businesses. The most successful innovators among them have an innate understanding of the different kinds of thinking that are required under different circumstances and know how to toggle back and forth between them. No management system or tool or leadership development program can replace this critical mindset if it is missing. But the principles that underlie it can be better understood and applied and even institutionalized up to a point.

In part 1, "Principles" (chapters 1 and 2), we define our terms while comparing and contrasting present-forward and future-back thinking, specifying the circumstances that call for each, and describing their applications. We explain what we mean by *vision*—what it is, what it's not (it is emphatically *not* what is captured in the typical corporate vision statement)—and show you how it's different from strategy but nonetheless links to it. Future-back thinking is a mode of learning that is best carried out as teams through what we call strategic dialogues; in using it, you develop a common language and a deep understanding of what your organization can become.

In part 2, "Application" (chapters 3, 4, and 5), we demonstrate how this understanding can be developed and practically applied through our future-back process to develop and implement an organization's long-term vision and strategy.

Part 3, "Making Future-back Repeatable" (chapters 6 and 7), shows you how future-back principles and processes can be permanently embedded in your organization. Chapter 6 presents a new leadership framework that makes the need for future-back thinking among senior teams explicit, and chapter 7 shows how it can be infused into your organization's culture at large via executive development programs, a focus on an organization-wide growth-mindset, and fruitful collaborations with boards of directors.

Finally, in part 4, "Broader Implications" (chapter 8), we consider what other kinds of organizations—governments, the military, universities, even faith institutions—might learn from our future-back principles. In the epilogue, we offer our view of what this all means for twenty-first-century management.

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We are not business revolutionaries, and we are not asking you to be one either. But too many of our great organizations are stuck in the present, even as their markets are inexorably shifting away. This book proposes a set of principles to help leaders like you better understand and manage the unique challenges of creating and sustaining beyond-the-core growth, demonstrates them via their successful applications in the real world, and then shows you how you can use them yourself to own the future.

That is what great visionary leaders do. It is what you can do, too.