

Editor's letter

I'll kick off this issue with an aphorism that aptly applies to the current state of business innovation. "The future is already here – it's just not evenly distributed," a brilliant epiphany of science fiction author William Gibson. Nowadays trailblazing innovators are discovering their future as they are creating it. That is, they are concentrating their efforts on customer-focused innovation that promotes sustainable growth, producing opportunities to introduce products and services that create new markets. However, in many corporations, market disruption is not viewed as an opportunity and innovation is either hit-or-miss or focused on incremental improvements in existing products or services. Perhaps someone should put up a sign: "New Business Frontiers Await Leaders with Imagination and Customer Focus." For those willing to take up the challenge of mastering market-making innovation, the good news is that there are plenty of tested models to learn from.

The goal of a number of articles in this issue is to remind leaders that the concepts for successfully exploring new business frontiers have already been employed by leading firms, at least in a number of notable cases. A short list of these conceptual guides includes some that have been around for a decade or more: "Disruption theory" – 1995, "Breakout Positioning" (originally known as "Rethinking Positioning" – 2006) and "Blue Ocean strategy" – 2005. Newer ones include "Customer Jobs to be done" – 2016, "Sense & Respond" – 2017 and "Strategic Agility" – which is a brand new combination of the Agile approach and earlier concepts.

Let's start with Brian Leavy's masterclass **"Customer-centered innovation: improving the odds for success,"** a very thorough going guide to making innovation more targeted and efficient. Professor Leavy traces the history of Clayton Christensen's disruption theory and updates it to his newest version, "Jobs to be done theory." **"Identifying a well-defined Job to Be Done offers 'a kind of innovation blueprint' which is 'very different' from the traditional marketing concept of 'needs' because of the 'much higher degree of specificity' required to identify precisely what it is you are trying to solve for in particular use-case contexts."**

Steve Denning, a leading proponent of radical management, heralds the advent of **"The next frontier for Agile: strategic management."** He reports that, **"While most large organizations are still learning how to master operational Agile initiatives, the main financial benefits from Agile will flow from the next management frontier: achieving Strategic Agility,"** a faster and more efficient way to develop business models and deliver customer value.

In their article **"Becoming global leaders: innovation challenges for five large Chinese firms,"** IMD professor Bala Chakravarthy and consultant David Yau look at the path to globalism taken by Haier, Tencent, Alibaba, Lenovo and Huawei. In their judgment, for these firms that got their start offering reliable quality and low price, **"Breakthrough product innovation will be an important competence for the future."**

Arthur D. Little consultants Chandler Hatton, Michael Kolk, Martijn Eikelenboom and Mitch Beaumont outline **"Four approaches for staffing and structuring a product development team to identify the crucial unmet needs of B2B customers."** The four approaches can be mapped by a "Customer Needs/Technology Needs" matrix. ADL found that that **"When the team is structured appropriately the research showed that 'getting it right' can lead to doubling of innovation success rates and have significant impact on R&D effectiveness."**

"Breakthrough ambitions may be hobbled by infrastructure and resource problems," warn IBM consultants Anthony Marshall, Michael King and Dave Zaharchuk in their article **"Responding to the global skills crisis."** Their research found that **"If left unresolved, an emerging global skills crisis will likely have profound effects on businesses and economies**

worldwide. . . . Fifty-five percent of all executives surveyed conclude that inadequate investment from private industry is the most important challenge to overcome in addressing skills development in the future.”

And finally, to fully appreciate Adam Kahane’s article “**Stretch collaboration: how to work with people you don’t agree with or like or trust,**” imagine that you are a novice manager on a breakthrough product team. For resources you need to collaborate with powerful senior marketing executives whose careers are bound to legacy products that built the company brand. Kahane, a consultant who has learned from both success and failure negotiating contentious, long-shot collaborations, says, “Unconventional ‘stretch collaboration’ abandons the assumption of control. It gives up unrealistic fantasies of harmony, certainty and compliance and instead embraces messy realities of discord, trial and error and co-creation.”

Good reading,

Robert Randall

Editor

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