



REIMAGINE TOMORROW



How Vigilant Organizations Gain An Edge

Presented by: Professor George Day

Geoffrey T. Boisi Emeritus Professor at the Wharton School of the
University of Pennsylvania



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REIMAGINE TOMORROW

As we all navigate through these uncertain times together, we need more than just real data. We need knowledge that inspires us to look towards the future, thought leadership experience that sparks fresh ideas, a broader world view, and dollops of genius to help us connect the dots and move forward, relentlessly.

This webinar series aims to get us thinking about tomorrow through innovative thought leaders sharing their experience, insights, and research. Begin to believe that we will get through this and we will have an improved tomorrow when we do.





REIMAGINE TOMORROW



-George S. Day, Professor at the Wharton School of the University of Pennsylvania

- Consultant to numerous corporations such as General Electric, IBM, Metropolitan Life, Unilever, E.I. DuPont de Nemours, W.L. Gore and Associates, Boeing, LG Corp., Best Buy, Merck, Johnson & Johnson, Agilent and Medtronic.

-Two of his published articles were among the top 25 most influential articles in marketing science in the past 25 year



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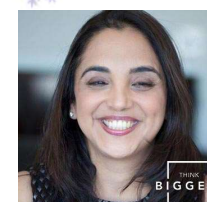
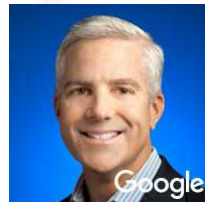


CONNECTING THE DOTS

Holiday Readiness Summit For Retailers



THURSDAY, AUGUST 13TH: 11:30 AM – 5:15 PM EST



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SHORT SURVEY

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SHARE YOUR THOUGHTS
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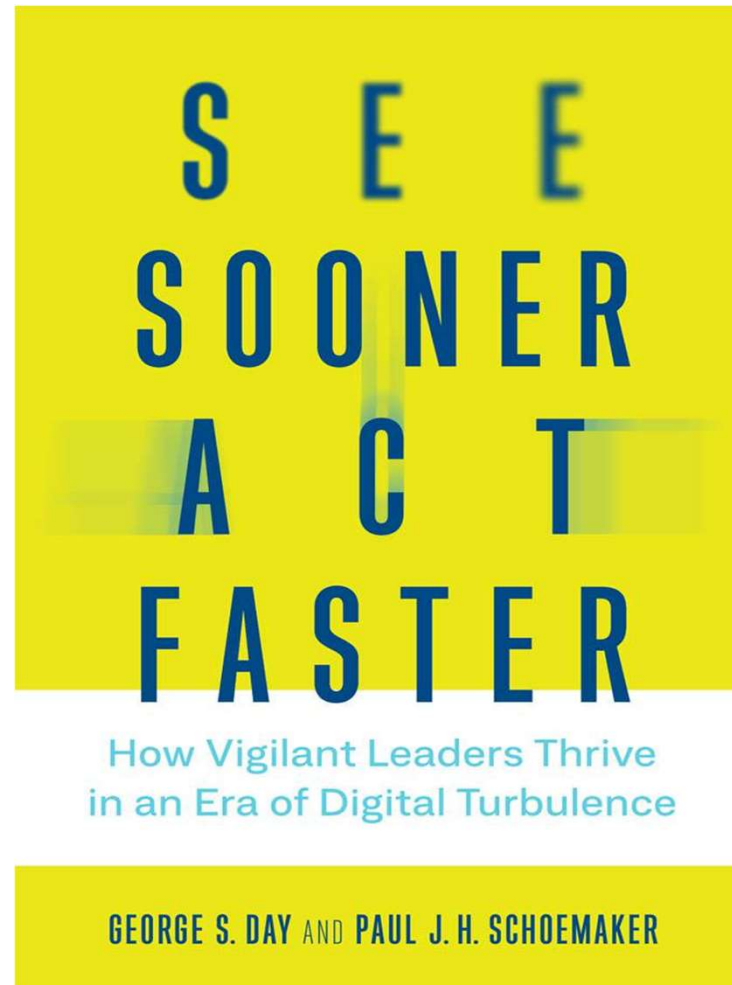
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How Vigilant Organizations Gain an Edge



The Need for Vigilance

“Turbulence...is irregular, non-linear, erratic. But, its underlying causes can be analyzed...managed”

Peter F. Drucker

- Vigilance is a collective capability
 - Characterized by curiosity, candor, and foresight
- By seeing sooner than rivals vigilant organizations have more degrees of freedom
- Vigilant organizations are better prepared when the extreme uncertainty of Corona-chaos subsides

TOPICS

1. What have we learned about vigilance?
2. Improving vigilance – an action agenda

Why Vigilance Matters

Adobe turned a looming threat to Photoshop into a big opportunity



Sonoma County becomes the nation's first 99% certified sustainable wine region



Copenhagen became a leader in sustainable building design



Nike leads in on-line customer engagement



The Cost of Vulnerability

Wells Fargo was slow to respond to employee sales scams



Macmillan surprised U.S. public libraries by preventing them from purchasing new ebooks for two months



A top Boeing pilot working on the 737 MAX told a colleague about “egregious” issues with the plane 2 years before the deadly crashes



Fast-fashion retailer Forever 21 missed signals that younger consumers were prioritizing sustainability

FOREVER 21

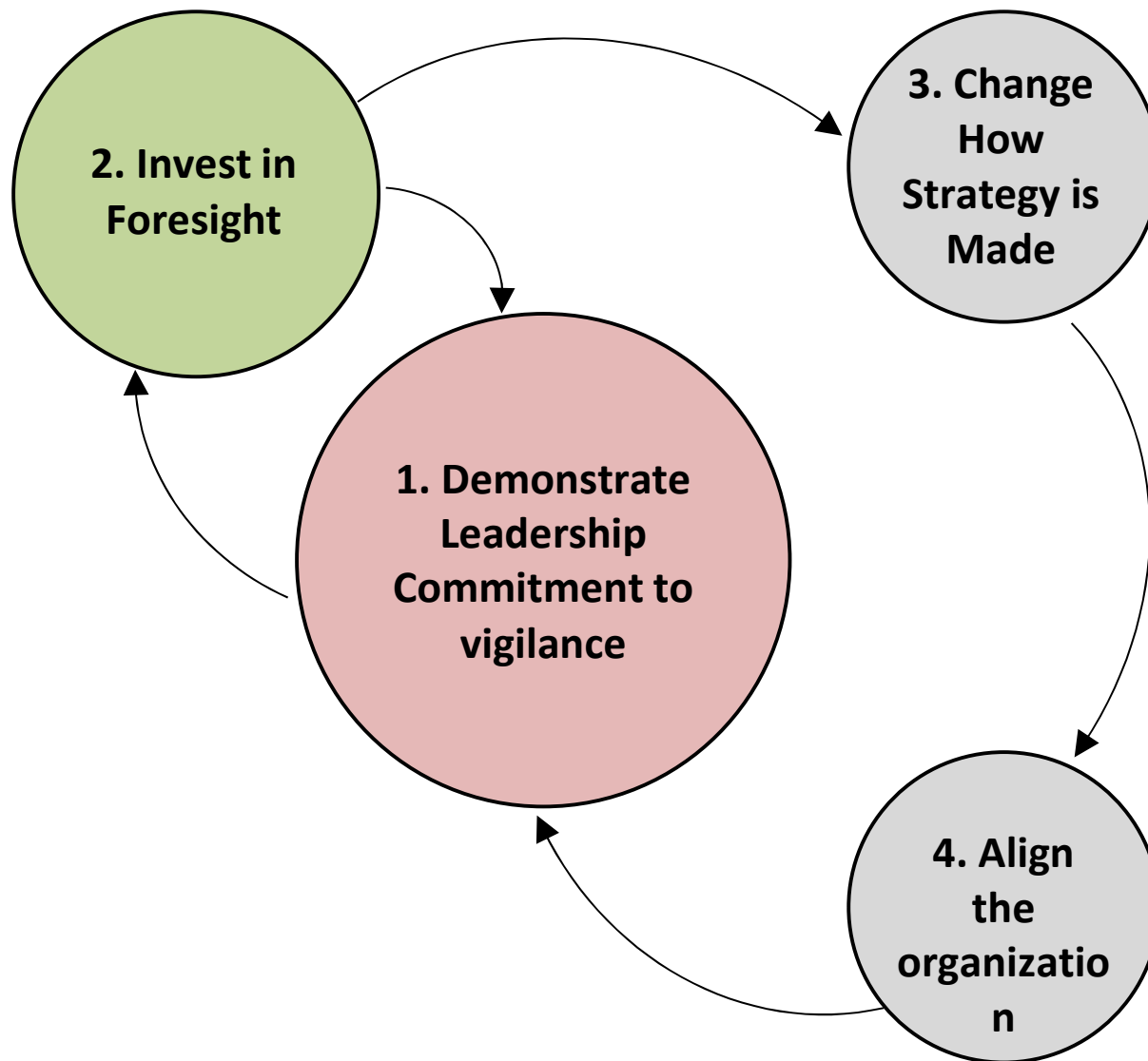
What We've Learned About Vigilance

“...Leaders must develop a sixth sense, an ability to see around the corner.”

Jack Welch

- ◇ The collective attention of a leadership team is a scarce and valuable resource.
- ◇ When firms are surprised someone in the organization (or network) knew about it earlier. But:
 - Leadership didn't know they knew.
 - They didn't know leadership needed to know.
- ◇ Vigilant organizations have leadership teams that are deeply curious, open to diverse inputs, and view their organization from the outside in.
- ◇ Superior vigilance requires dynamic sensing and sense-making capabilities.
 - Guided by insightful questions
 - Enhanced by investments in foresight
- ◇ Vigilant organizations outperform their vulnerable rivals.

Becoming More Vigilant: An Action Agenda



Only three things happen naturally in organizations:

**friction,
confusion,
and underperformance.**

Everything else requires leadership.



Peter Drucker

1. Demonstrate Leadership Commitment

“The most exciting phrase to hear in science, the one that heralds new discoveries, is not ‘Eureka’ (I found it) but ‘That’s funny’”

Isaac Asimov

- Devote more time to thinking about the future
- Seek diverse perspectives/cultivate curiosity
- Share vigilance stories/dissect anomalies
- Engage the Board of Directors
- Join diverse and unconventional knowledge networks
- Assess your organization’s Vigilance Quotient: Find where your organization is especially vulnerable

What is Your Vigilance Quotient?



- Short-term focus
- Conventional thinkers
- Limited interest in outliers
- Favor familiar settings

Leadership Posture

- Play the long game
- Willing to challenge assumptions
- Seek diverse inputs
- Involved in diverse networks

- Inside-out thinking
- Avoid uncertainty
- Myopic and rigid process

Strategy Making

- Outside-in thinking
- Embrace uncertainty
- Adaptive/learning process

- Reactive Posture
- Formulaic/budget-driven
- Failures are errors

Approach to Foresight

- Disciplined search
- Flexible, real options approach
- Experiment-to-learn

- Operationally focused
- Information is silo bound
- Weak signals left unattended

Coordination and Accountability

- Focus on strategic accountability
- Information shared across boundaries
- Incentives for timely action

What's Coming Next? Foresight Questions

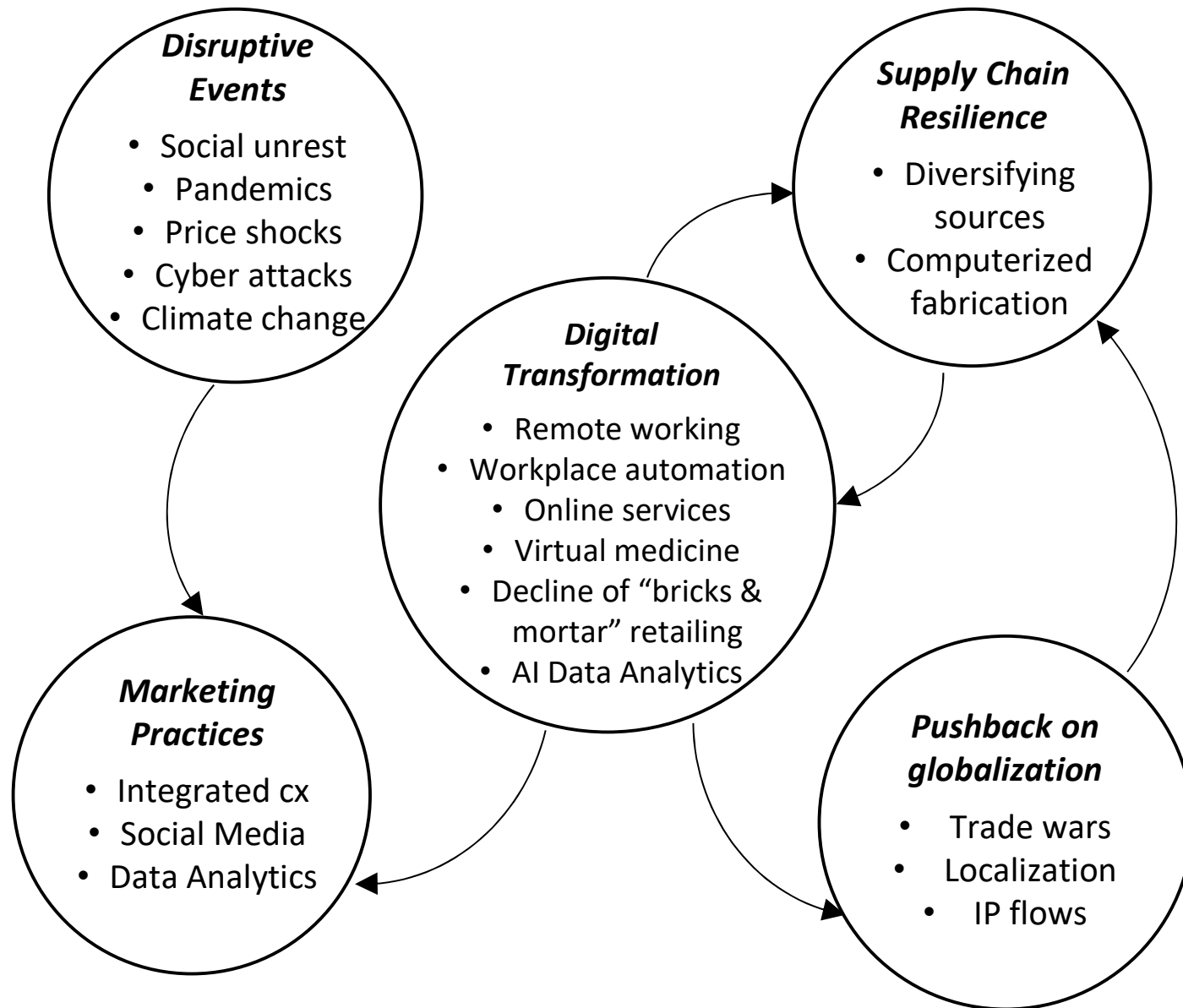
FUTURE FORWARD

- How will our sector be reshaped?
- What combinations of zones will magnify systemic uncertainty?
- Which zones of uncertainty should we watch?

STRATEGIC ISSUES

- What are the biggest uncertainties? Are they a prelude to a structural break or inflection point?
- What strategic moves can we make to emerge as a leader? Are these moves robust across the plausible scenarios?
- Are there opportunistic moves we can make now? (take-overs? market entries?)
- Where should we allocate innovation resources? What new talent and capabilities are needed?

Zones of Uncertainty (Illustrative)



2. Invest in Foresight

“When spring comes, snow melts first at the periphery, because that is where it is most exposed”

*Andy Grove, Intel
“Only the Paranoid Survive”*

- Invest in dynamic sensing
 - External scoping and scanning
- Systematically search for opportunities
 - Study lead users and precursors
 - Learn from complainers and defectors
 - Lead the digital transformation
- Leverage capabilities of partners
- Launch and empower foresight teams
 - Intelligence team
 - Planning ahead team

3. Change How Strategy is Made

“There are no answers inside the building”

Steven Blank

- Start the strategy dialogue from the outside-in
- Create “Red Teams” to anticipate competitor’s moves
- Pursue guiding questions to focus attention
 - Learn from the past
 - Interrogate the present
 - Anticipate the future
- Build flexibility into the strategy process

4. Align the Organization

“It is difficult to get a man to understand something when his salary depends on his not understanding it.”

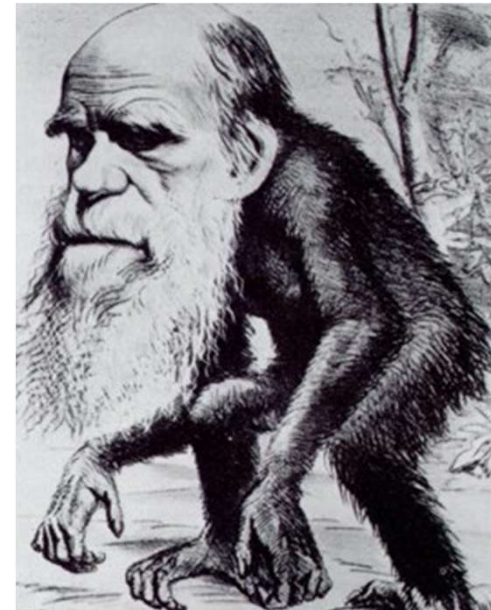
Upton Sinclair

- Be open to uncomfortable news
- Share information across boundaries
- Trust and empower small teams
 - Follow the “two pizza” rule
- Clarify accountability



***It's not the strongest of the species
who survive nor the most intelligent
but the ones most responsive to
change.***

Charles Darwin



VIGILANT ASSESMENT

ASSESSING YOUR VIGILANCE QUOTIENT

I. Your Leadership Team Posture

A. How willing are your front-line employees to forward signals of opportunity or concern **upward** to senior management?

Reluctantly: We lack sufficient trust	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Eagerly: We have enough trust and encouragement
	1 2 3 4 5 6 7	

B. To what extent does your leadership team actively build and participate in external networks?

Limited to narrow and routine industry settings (like conferences or events)	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Wide engagement in diverse outside social, civic and professional networks
	1 2 3 4 5 6 7	

C. How open is your organization to listening to reports from scouts or others on the periphery (i.e., beyond your core business)?

Closed: Our culture discourages listening	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Open: Our culture encourages such listening
	1 2 3 4 5 6 7	

D. How willing are senior managers to challenge basic assumptions about your current strategy or views about the future?

Closed: Mostly defensive about assumptions and beliefs	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Open: Leaders openly encourage such challenges
	1 2 3 4 5 6 7	

II. Investments in Foresight

A. How much time and resources does the leadership team devote to scanning for weak signals of threats and opportunities?

Low priority: Few people actively scan	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	High priority: Many managers actively scan
	1 2 3 4 5 6 7	

All attendees will receive this assessment via email along with the slides and recording by 11 AM ET tomorrow morning.



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