How to Identify and Act on Opportunities in a Fast-Changing World



# ACILITY ADVANTAGE



**AMANDA SETILI** 

JB JOSSEY-BASS™ A Wiley Brand

# THE AGILITY ADVANTAGE

HOW TO IDENTIFY AND ACT ON OPPORTUNITIES IN A FAST-CHANGING WORLD

Amanda Setili



JB JOSSEY-BASS™ A Wiley Brand Copyright © 2014 by John Wiley and Sons, Inc. All rights reserved.

Published by Jossey-Bass A Wiley Brand One Montgomery Street, Suite 1200, San Francisco, CA 94104-4594 www.josseybass.com

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning, or otherwise, except as permitted under Section 107 or 108 of the 1976 United States Copyright Act, without either the prior written permission of the publisher, or authorization through payment of the appropriate per-copy fee to the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, 978-750-8400, fax 978-646-8600, or on the Web at www.copyright.com. Requests to the publisher for permission should be addressed to the Permissions Department, John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030, 201-748-6011, fax 201-748-6008, or online at www.wiley.com/go/permissions.

Limit of Liability/Disclaimer of Warranty: While the publisher and author have used their best efforts in preparing this book, they make no representations or warranties with respect to the accuracy or completeness of the contents of this book and specifically disclaim any implied warranties of merchantability or fitness for a particular purpose. No warranty may be created or extended by sales representatives or written sales materials. The advice and strategies contained herein may not be suitable for your situation. You should consult with a professional where appropriate. Neither the publisher nor author shall be liable for any loss of profit or any other commercial damages, including but not limited to special, incidental, consequential, or other damages. Readers should be aware that Internet Web sites offered as citations and/or sources for further information may have changed or disappeared between the time this was written and when it is read.

Jossey-Bass books and products are available through most bookstores. To contact Jossey-Bass directly call our Customer Care Department within the U.S. at 800-956-7739, outside the U.S. at 317-572-3986, or fax 317-572-4002.

Wiley publishes in a variety of print and electronic formats and by print-on-demand. Some material included with standard print versions of this book may not be included in e-books or in print-on-demand. If this book refers to media such as a CD or DVD that is not included in the version you purchased, you may download this material at <a href="http://booksupport.wiley.com">http://booksupport.wiley.com</a>. For more information about Wiley products, visit www.wiley.com.

#### Library of Congress Cataloging-in-Publication Data

Setili, Amanda, 1959-

The agility advantage: how to identify and act on opportunities in a fast-changing world / Amanda Setili.—First edition.

pages cm

Inclues bibliographical references and index.

ISBN 978-1-118-83638-5 (hardback); ISBN 978-1-118-96444-6 (pdf);

ISBN 978-1-118-96443-9 (epub)

1. Strategic planning. 2. Diffusion of innovations. 3. Organizational change. I. Title. HD30.28.S396 2014 658.4'012—dc23

Printed in the United States of America

FIRST EDITION

HB Printing 10 9 8 7 6 5 4 3 2 1

## Contents

### Preface ix

What Is Agility—and Why	/ Is It	Valuable? 1	
See Through Your Custor	mers'	Eyes: How to See	What
Your Competitor Can't	21		
	See Through Your Custor	See Through Your Customers'	What Is Agility—and Why Is It Valuable? 1 See Through Your Customers' Eyes: How to See Your Competitor Can't 21

- Right Customers, Right Value, Right Time: Identify Your
   Most Attractive Customers and Pivot with Them
- 4 Love the Problem: Dig Deep to Find New Insights 67
- 5 Turn Trends into Opportunities: Stop Preparing for the Future and Create It
  89
- 6 Create Breakthrough Strategies: Generate Creative Alternatives for Capitalizing on the Changes You See 113
- 7 Manage Uncertainty: Be Courageous, Anticipate What Might Happen, and Address Risks Head-On 139
- 8 Turning a Strategic Corner: Take the First Steps, Shed What Doesn't Fit, Experiment, and Reinforce 161
- Agility as a Way of Life: Leverage the Power of Purpose,
   Autonomy, and Continuous Adaptation 185

Conclusion 209
Notes 211
Acknowledgments 221
About the Author 225
Index 227

# **Preface**

In 2011, I founded the Strategic Agility® Think Tank. My goal in establishing this community of corporate peers—CEOs, division presidents, CFOs, CMOs, and leaders in sales, marketing, operations, and strategy—was for them to share ideas and best practices, better navigate their greatest challenges, and become more adept at seeing and capturing new market opportunities.

The community includes leaders of such companies as AT&T, AutoTrader, Best Buy, Bosch, Cbeyond, Cisco, Costco, Cox Communications, Equifax, Fiserv, Georgia-Pacific, Hilton, Intuit, Kraft, J. M. Huber, MeadWestvaco, Time Warner, UPS, and Xerox. The members of this group have learned from one another, and I've learned from them. Along the way, they have strengthened their organizational and personal performance, and I've gained more—and more varied—experience in helping companies navigate change.

My aim in writing this book is to help all organizations—large, established companies with huge investments in the status quo, as well as smaller, younger companies that are relatively light on their feet—become more nimble. In the pages that follow, you'll find examples, tools, and techniques to do just that.

# The Impetus for This Book

I wrote this book after more than two decades of working with some of the world's leading companies, including Coca-Cola, Delta Air Lines, The Home Depot, Kimberly-Clark, and

# Index

Page numbers in italics refer to figures and tables.

#### A

ABC, 69
Abercrombie & Fitch, 109–110
Abney, David, 109
Accelerator programs, 163
Accenture, 37
Acceptance: enabling, 142, 143; failing to manage, 141
Accountability: accepting, 176; increasing, 174, 190
Acquisitions, 163, 175
Action: being too specific about, 165; committed yet flexible, 11; failing to

Action: being too specific about, 165; committed yet flexible, 11; failing to take, 140; hesitating to take, 6; immediate, and when to take it, 103; most obvious course of, issue with, 98; prioritizing and taking, 101–104; specific, that UPS is taking, 104–112; taking, before you feel fully ready, 169; that should be taken based on potential scenarios deciding on, 155

Action plan: building commitment to the, 120; developing an, to address customer-demand risk, 147; implementing an, to address risk, 150; strengthening the, 124

Adaptation: continuous, engaging in a process of, 201, 202; driver of, 69

Advisory councils, 39
Africa, 60
AGCO, 9, 71–72, 79, 87, 115–119
Agile organizations: characteristics of, 9,

10–11, 180; effort required to create, 185. See also specific organizations

Agility: ability to move with, challenges unique to each company that threaten, 5-6; companies lacking, characteristics of, 10; components of, 4-5; concluding thoughts on, 209-210; defined, 4; and determining where it is most important, tool for, 18-19; greater, need for, factors driving the, 11-15; hindering, by being too specific about actions, 165; need for, 9; primary obstacles to achieving, 6-7; prioritizing where to increase, 15-18; resources for improving, 210; as a way of life, 185-207. See also Decision agility; Execution agility; Market agility

Airbnb, 9, 67–70, 79 Airline industry, 58

AirTran, 173

Alignment: cultural, selecting and retaining employees based on, 196; gaining, perspective on, 163; lack of, disjointed initiatives arising from, 166; with needs of an agile company, motivators that are in, 199; as requisite, among management team members, 151, 155; strategic, flow resulting from, 166

Alternatives: creative, generating, 113–137; multiple, developing, 123–124, 125; strategic, consideration of, 101, 102, 103, 123

Amabile, Teresa, 199

Amazon, 8, 9, 14, 21–23, 38, 61, 63, 76–77, 93, 105, 128, 133, 161, 181

Big data, 61

Black and Decker, 14

Binary thinking, problem with, 123

American Pet Products Association, BlackBerry, 5, 140, 161, 162 Blake, Frank, 33, 169-173, 174 58 - 59Blank, Arthur, 169 American Standard, 32 Blecharczyk, Nate, 68 Anderson, Richard, 197 Blockbuster, 6 Android platform, 24, 162 Blogs, 61, 69 Anticipating change, 95-101 Anticipating future scenarios, 150-155 Blonde Roast label, 45, 47 Apple, 6, 9, 15, 24, 38-39, 133, 161, 167, Blue Origin, 22 Boeing 717s,173 189, 192 Boeing 737s,173 Aquaphor, 129 Borders, 6 Arby's, 9, 81-84 Bosch, ix, 14 Arm & Hammer brand, 103 Art of the Long View, The (Schwartz), 153 Boston Consulting Group, 186 Brand preference, maintaining, difficulty of, 14 Assets: leveraging, to manage risk, Brands, shedding, 173 146-147; shedding, 173 Assumptions: challenging ways of doing BrandsMart, 15, 16, 17 things and your existing, 122-123; Brazil, 12 checking your, 117-118; differences Breakthrough ideas, importance of, in, about the future, recognizing, 154, 114 - 115155; implicit, set of, 153; required, Breakthrough strategies, creating, recognizing, and then taking steps to 113-137, 144, 145 manage and test them, 156-157, 158, Breakthrough thinking: developing, techniques for, 119-135; "ground-up" AT&T, ix, 9, 122, 166-168, 179 thinking as part of, 147; principles Attitudes, 180 enabling, framework of, at AGCO, Authority, 176, 178 116-119 Automotive industry, 9, 202 Broad input, seeking, 75-76 Autonomy: benefits of, 199; desire for, Bryant, Andrew, 6 198; environment of, call for an, 162; Budgeting, 200-201 motivating through, 199, 200; partial, Bullis, Kevin, 145 forming "start-ups" that have, 179; Business as usual, being wrapped up in, providing, 166, 189 problem with, 6, 167 AutoTrader, ix Business environment: speed and degree of change in, determining, 16, 17, 19; B trends in the, of concern, 92-95 Business model evolution, fast, effects of, Balanced growth, 46-47 Bank of America, 39 Bankruptcy, 35 Business model, thinking through the Beiersdorf, 129 elements of your, framework for, 124, Belkin, 32 Benchmarks, 104 Business-to-business markets: approach to Best, being the, at something, 148-150, working in, 72-73; and conventional market research, 28; and customer 163 Best Buy, ix, 30, 32, 93 outreach, 31; elements in, that affect Bezos, Jeff, 8, 21-22, 24, 128 a customer's decision to buy, 18; Bias, natural, overcoming, 24-26 identifying opportunities in, Bierer, Tiffany, 26 observing and interviewing customers

for, 73-79

Busy and slow times, witnessing the

customer process during, 74

Commitment, 10, 11, 70, 120, 163, 176 C Cabot Corporation, 56-57 Commoditization, 14-15, 114, 115 Cain, Susan, 128 Commodity prices, 104 Capabilities: external and internal, Communication: cross-functional, 197; developing, 142, 143; growing in, failure of, 7, 194; of intent, 164, 199, 200; new, building, 164, 165-169, 194-195; timely, 197 175-179; shedding certain, 174 Competitive parameters, outlining, 152 Capability gaps, filling, 179 Competitive risk, managing, 147-148 Complacency: avoiding, importance of, Cardlytics, 62 Career progressions, 175, 178 112, 162; problem with, 10 Cash conversion cycle, 189 Connect+Develop, 129 Connected Devices. See Internet of Cbeyond, ix Things CBS, 69 Change: anticipating, 95-101; avoiding, Connection, 176 tendency toward, 180; to be Consumer concerns, identifying and concerned about, types of, example addressing, example of, 144-146 of, 92-95; capitalizing on, that you Consumer markets: approach to working see, 113-137; clearly communicating in, 72-73; developing new services the importance of, example of, 187; that cater to, 111; identifying continuous, need for, 8, 9; effectively opportunities in, observing and assessing and responding to, process interviewing customers for, 79 of, 91-92; as essential, 162; evidence Consumer preferences, learning, 142 of, 99-100; exercise on anticipating Consumer products and services, 9 effects of, 97-101; faster pace of, Consumer Reports, 149 factors driving, 11-15; identifying, Consumer surveys, conducting, example 95-97; ignoring the need for, 6; of. 82 industry, ubiquity of, 7, 114; listing, Continental Airlines, 169 98, 99-100; openness to, 10-11; pace Continuous cost reduction, 110–111 of, 4; parameters of, outlining the, Continuous customer intelligence, 152; prioritizing response to, obtaining, 60-61 101-104; as rampant, 209; requiring, Continuous improvement: and 186; seeking, 180; Setili Cycle of, adaptation, engaging in a process of, 69, 201-202; building momentum 164-182; speed and degree of, in the from, 163, 164; in efficiency, looking business environment, determining, for, 111; having a clear purpose 16, 17, 19 Channel acceptance, failing to manage, motivating, 204-205 Continuous investment, addressing a long-term trend by, in building Channels, shedding, 174 capability, 110 Chesky, Brian, 67-70 ConvaTec, 106-107 China, 1, 3, 12, 93, 174, 187 Conventional wisdom, challenging, 112, Christensen, Clay, 80, 169 122 - 123Church and Dwight, 103 Cook, Scott, 80 Cigna Group, 197-198 Cooper Mini car clubs, 38 Cisco, ix, 60, 154, 168 Cost reduction, continuous, 110-111 Clarity, 10 Costco, ix Clover brewing system, 45, 46-47, 49 Covey, Joy, 23 CNN, 69 Cox Communications, ix Coca-Cola, ix-x, 30, 72-73, 164, 210

Collaboration, 3, 13, 77, 79-80,

104-105, 177, 204

Collins, Jim, 163, 196

Craftsman brand, 14

113-137

Creative alternatives, generating,

Creativity: environment of, call for an, 162; research on, 128; stimulating, 182. See also Breakthrough thinking Critical learning laboratory, 108 Cross-functional approach, using, for breakthrough thinking, 116 Cross-functional communication, 197 Cross-functional teams, assembling, that are grounded and imaginative, 119-121 Crossing the Chasm (Moore), 165 Csikszentmihalyi, Mihaly, 128 Cultural changes, 12, 96 Cultural differences: among team members, consideration of, 121; of customers, understanding, 84-87, 187 Cultural integration, 187 Culture, organizational. See Organizational culture Culture shift, 178, 197 Customer acceptance: failing to manage, 141; testing, 142, 143 Customer data, gathering and understanding, difficulty of, 51 Customer demand, shifting: adapting to, 3-4; catering to, 189; reading, 61 Customer immersion, 70 Customer intelligence, continuous, obtaining, 60-61

Customer loyalty, 38
Customer needs: changes in, 79, 80, 97;
as a driver of priorities, 190;
innovating to serve, 105; insights
about, losing valuable, 60; listening in
order to meet, 188, 190; transforming
organizations to respond to, 186

Customer satisfaction index, 22

Customer segments: developing, initial basis for, framework for, 124, 126; focusing on, for breakthrough thinking, 133–135; looking across products and, to examine profitability, growth and market share, 57–58; organizing, as to why they use your products, 58; performance by, examining, 48–56

Customer service, improved, investing in logistics leading to, 171

Customer service people, talking to, in customers' organizations, to gather data, 75

Customer-demand risk, managing, 144-146, 147

Customers: attracting and engaging, that you can learn from, 179; biggest and most established, too much focus on, problem with, 27-28; collaboration among and/or with, 13, 77, 79-80. 104-105; communicating intent to, 166-169; considering potential roles for, in your business, template for, 32; creating a forum for listening to, 38-39; cultural and geographic differences among, understanding, 84-87; daily environment of, observing the, 71-73; decision-maker, knowing what motivates, 78-79; directing resources toward the most profitable, 55-56: distance between employees and, minimizing the, 186, 189; drawing in, to get involved, 29-33; emotions as a driver of decisions by, 28-29; and experiencing firsthand what they do, 24-26; focusing on, for breakthrough thinking, 133-135; gaining new, while creating added value for current customers, example of, 45-46; hearts. minds, habits, and values of, understanding the, 81-84; learning from, 76-77, 105, 179; and letting them show you the way, 49-56; losing touch with, problem with, 6: most attractive, identifying your, and pivot with them, 43-65; mutual benefit for, 172; observing and interviewing, to identify opportunities in business-to-business markets, 73-79; outlier, observing, 59-60; power of, 13-14; and putting them to work, 26-33; satisfied and unsatisfied, talking to both, 76; and seeing through their eyes, 21-42; seeking out more demanding, opportunity in, 108; self-segmenting groups of, 12; shadowing, 71, 73; shedding, 174; and their decision to buy, determining what impacts, 16, 17-18, 19; visiting, and enhancing your product, 70; of your customers, considering how to please, 111 Customer's ecosystem, 73, 79, 111, 116

Customization: automating, 61–63; as a strategy, 188

#### D

Daily business, wrapped up in, problem with, 6-7

Daily environment, observing the, of customers, 71–73

Daily operations, lulled by the rhythms of, avoiding, 59–60

Data analytics, using, 61, 62

Data gathering, difficulty of, 51. See also specific methods of gathering data

Data needed, determining, considerations for, 77-79

Data sources, 104

Dealing with Darwin (Moore), 165

Debate and dissent, encouraging, among employees, 119

Decision agility: addressing, 89–112, 113–137, 139–159; characteristics of companies with, 11; described, 5

Decision making: binary, problem with, 123; conducting field work and, 35; fast and rational, 11; getting comfortable with, in precarious environments, importance of, 139; guidelines for, providing, 197; improved, 177; slow, 181; smart, experimenting for, 182; speeding up, 174; strategic, avoiding, 140

Decision to buy, focusing on what impacts a customer's, 16, 17–18, 19

Decision-maker customers, knowing what motivates, 78–79

Dell, xi, 29, 32

Delta Air Lines, ix-x, 9, 25-26, 35, 37, 62-63, 173, 179, 181-182, 196-197, 210

Demand parameters, outlining, 152. See also Customer demand, shifting

Demanding customers: learning from, 76–77; more, seeking out, opportunity in, 108

Demanding markets, expanding into, 186, 187

Democratic National Convention, 69 Developmental career progressions, 175, 178

DevOps process, 181 DeWalt, 14 DHL, 91 Differentiation: choosing, for breakthrough thinking, 118; developing, thinking from the ground up for, 147–148; by eliminating features, 127–128; helping your customers with, 78; importance of, 115; lack of, 114, 140; maintaining, difficulty of, 14, 203; more distinct, example of, 106

Disclosure, 197
Discretion, 176
Distinct capabilities, leveraging, 106
Diverse teams, benefit of, 120
Dome Café, 47, 48
Drive (Pink), 198
Drone-based delivery, 94

#### E

eBay, 121, 130–131, 140
eBid.net, 140
Ecomagination Challenge, 129
E-commerce growth, 92
E-commerce industry, 9
Economic changes, 12, 96
Economist, 28–29
Edge, 48
Efficiency improvement: gaining

Efficiency improvement: gaining effectiveness and, 174–175; looking continuously for, 111

Eliminating features, 127–128
Emerald Technology Ventures, 129
Emerging economies, 12

Emotions, as a driver of customer decisions, 28-29

Employee motivation: creating, 198–200; elements of true, 198; novel approach to, 189–190

Employees: communicating intent to, 165–166; of customers, motivating, 78–79; dining with, 190; discouraging, from using competitors' products, overcoming unwritten rule of, 24–26; distance between customers and, minimizing the, 186, 189; encouraging debate and dissent among, 119; energy of, stimulating, 182; hiring, 179; losing touch with, 6; managing, novel approach to, 189–190; recruiting, 175, 179; selection of, 195–196, 200; setting an example for, 196–198; training, 22, 175, 177–178, 199

Fear, 29, 144, 153, 180

Feedback loops, 199, 200

Feist, Gregory, 128

34

Features, eliminating, 127–128

FedEx, 39, 77, 90, 91, 110, 111

Feedback, faster, getting, from field work,

Field work, getting executives out of

offices and doing, 33-38

Film industry, 130 Empowerment: motivating through, Finances, asking questions about a 198-200; providing, 176, 178, 189 business customer's, 117 Endpoints, checking the, and filling the Financial projections, preparing, and whole space, 124, 126-127 Engineering, talking to, in customers' questions to ask about assumptions. 156 - 157organizations, to gather data, 75 Financial support, contracting for, 190 EnPro Industries, 9, 175-179 First steps, taking the, 164, 169-173 ePier, 140 Fiserv, ix, 39 Equifax, ix, 210 Flexibility, 11, 151, 167, 169, 176, 191. Ericsson, 162 199, 200 ESRI, 39-40 Flow, going with the, 166 Ethnographic research, 82-84 FlyerTalk, 12 Etsy, 181 Focus: creating, 191-192; defined, 191: Eucerin, 129 unwavering, 205. See also Prioritizing "Everyone and Everything" scenario, 154 Focus Electric car, 141, 142 Evolution Fresh brand, 46, 47, 49 Example setting, 196-198 Focus groups: conventional, problem with, 28; hosting, with customers' Execution agility: addressing, 161-183, employees, example of, 85 185-207; characteristics of Food and Drug Administration (FDA), companies with, 11; described, 5 Executives, talking to, in customers' 107 Food service industry, 9 organizations, to gather data, 75 Forbes, 145 Exemplars, leveraging ideas from, that are Ford, 9, 141, 147, 173 outside your industry, 131-133. See Forever 21 (retailer), 61 also specific exemplars Fortune, 24, 37, 149, 192, 196 Expanding geographically. See Geographic expansion Freedom, 176, 177 Expansion, market and product, Free-market system, using a, to manage and motivate employees, 189-190 balancing, 46-47. See also Growth French, Melissa, 83 Experimentation, 164, 179, 181-182 Frontline: getting executives out of offices Expertise, leveraging, 106 Exploratory Development Group, 202 and on the, 33-38; talking to the, in External acceptance, enabling, 142, 143 customers' organizations, to gather data, 76 External capabilities, building, 142, 143 Fuel prices, 94 Functions: contracting with other, for needed support, 190; nonstrategic, Facebook, 5, 9, 61, 161, 181 outsourcing, 174; seeking input from Failing strategies, clinging to, 156 a variety of, 75 Failures: learning from, 69, 180; Future: painting a picture of the welcoming, 180 intended, 193-195; stop preparing for Farah Khan brand, 48 the, and create it instead, 89-112 Fast-moving industries, 9

G

Future scenarios, potential: identifying,

153-154; visualizing, 131

Future thinking, lack of, 6-7

Galaxy S4, 162 Gap, The, 93 Garmin Ltd., 52–55 Gartner Inc., 168

Gay pet owners, 59 Gebbia, Joe, 67-70 General Electric (GE), 1-4, 9, 129, 147, 164, 168 General Motors (GM), 147, 168 Geographic differences: among team members, consideration of, 121; of customers, understanding, 84-87 Geographic expansion, 44, 47, 106-108, 109-110, 186, 187 Georgia-Pacific, ix GeoSpring water heater, 3 Germany, 186 Gillette, 37 Global trade, speed and fluidity of, 14 Globalization, 12 Gmail, 201 Good to Great (Collins), 163, 196 Goodyear, 56 Google, 5, 9, 24, 30, 32, 104, 113, 114, 131, 161, 174, 181, 201 Google Glass, 94, 113-114, 115, 131 Google Maps, 53, 201 Google search algorithm, 201 Government data, 104 Great Recession, 45 Green technology: experimentation and learning in, 108-109; investing in, 188 "Ground-up" thinking, 147-148 Growth: balancing, 46-47; by customer segment, assessing and analyzing, 53-54; failure as a sign of, 180; fast, and examining what is behind it, 51-52; looking across products and customer segments to examine, 57-58; opportunities for, revealing, 58-59; revitalizing, 45-46 Growth, personal, and learning, 176 Guardian, 69

#### H

Haier Group, 9, 77, 185-191 Hall, Taddy, 80 Halliburton, 37 Harvard Business Review, 80 Harvard Business School, 23, 57, 80 "Head in the sand" syndrome, 98 "Headlines" technique, 131 Headquarters, concept of, change in, 37 Health care logistics arena, expansion of, example of, 106-108

Healthy Workplace Project, 86 Hertz Rent-a-Car, 173 Hesitating to take action, 6 Hewlett-Packard, 6, 141 Hierarchy, 175 Hilton, ix, 9, 134 Hiring the right people, 179 Hispanic customers, 59 Hitachi, 14 H&M, 61 Hollister, 109-110 Home Depot, ix-x, 3, 29-30, 32, 33-35, 36, 169-173, 174, 188, 197, 210 Homewood Suites, 134-135 Honeywell, 55 "How Tesla Is Driving Electric Car Innovation" (Bullis), 145 HTC, 162 Huggies, 203 Human resources, asking questions about a business customer's, 117 Human resources support, contracting for, 190

IBM, xi, 29, 39, 180 IdeaLab brainstorming session, 40-41 Ideas: breakthrough, importance of, 114-115; flow of, stimulating the, 177; gaining, from the outside, 128-129; new, market research questions often missing, 28; from outside your industry, leveraging, 131-133; to results, cycle from, shortened, 182 iHeartRadio, 8 IKEA, 29, 30, 32, 127-128 Immelt, Jeffrey, 2 Impact: assessing, of change, 97-98, 99-100, 101; prioritizing response to change based on degree of, 101-104; teasing out the, of macro changes, 96 - 97Improvement: in customer service, investment in, 177, 178; quality, addressing, 186-187. See also Continuous improvement

investing in logistics leading to, 171; efficiency and effectiveness, gaining, 174-175; practice and performance, Independent operation units (ZZJYTs), 189 - 190

Inventory location, 93-94 Independent thinking, giving team Inverted triangle approach, 170 members time for, 128 Investment: in basic research, 188; in India, 12, 122 building new capabilities, benefit of, Industrial products industry, 9, 131, 178-179; continuous, in building 132 - 133capability, addressing a long-term Industries, different, leveraging ideas trend by, 110; in customer from, 131-133 collaboration, 104-105; in logistics Industry associations, 104 leading to improved customer service. Industry change, ubiquity of, 7-8, 114. 171; in practice and performance See also specific industries and companies improvement, 177, 178; in start-ups, Information sharing, speed and fluidity of, 163; in technology, 175; in 14 unexpected opportunities, planning Ingenuity, 10-11 for, 200-201 Innovation: continuous, 70, 203, 204; Investment decisions, 181 cultivating, 174; Google's definition iPad, 166-167, 189 of, 114; making sure the whole iPhone, 30, 69, 161, 166-167, 189, 192 channel benefits from, 119; open, iPod, 189 using, 128-129, 163; rapid, 181, 182; iTunes, 8 to serve customer needs, 105; stemming from the most demanding J customers, 77; using data analytics for, 62. See also Breakthrough thinking J. M. Huber, ix, 57 Iaguar Cars, 122, 173 Innovation labs, 3 Janney Capital Markets, 172-173 Insights, new, digging deep for, 67-88 Jemal, Michael, 188 Insularity, xi, 10 Jobs, Steve, 24, 192 Intel, 6, 162, 168 John Deere, 115 Intellectual property, 13, 14-15 Journal of Consumer Psychology, 127 Intent: communicating, 164, 165-169, Just Goldens, 12 194-195; training on the overall, 199 Interconnected retailing, 171–172 K Intercontinental Exchange, 180 Interest rates, 93-94 Kelleher, Herb, 198 Internal acceptance, enabling, 142, 143 Kenya, 12 Internal capabilities, building, 142, 143, Khan, Farah, 48, 58 Kidder, David S., 140 179 Kimberly-Clark, ix-x, 9, 85-87, Internal change, identifying, and 163-164, 202, 203-205 anticipating potential impact, 96, 97 Kimmet, Dwaine, 33-34 Internal data, use of, 62 Klein, Russ, 84 Internal opposition, overcoming, 149 International expansion, 44, 109-110, Kleiner Perkins Caufield & Byers, 129 Kmart, 6 186, 187 Kodak, 95 International opportunities, example of, Kraft, ix International Space Station, 139-140, Kramer, Steven, 199 Kroger, 163 148 Internet of Things, 167, 168 Interview approaches, 75-77, 79 L Interviews, conventional, problem with, La Monde, 69 Labor costs, 2, 93, 94, 187 Introverted people, 128 Lafley, A. G., 37-38 Intuit, ix, 80 Land Rover, 122, 173

Language differences, teams and, 121
Layers, seeking input from a variety of,
75–76

Leaders: in a free-market approach to teams, 190; primary obstacles facing, 6–7; selection of, 195–196; shedding, 174

Leaf car, 141, 142

Learning: to collaborate with peers, 177; from customers, 76–77, 105, 179; early, importance of, when new regulations are likely, 109; experiential, 177; from failure, 69, 180; maximizing, designing your strategy for, 142–143; personal growth and, 176; quickly, expansion and, 186, 187; to quickly develop and customize products, 188; sharing, 176 Learning cycle, rapid innovation and, 181

Learning laboratory, critical, 108 Lee Kun-hee, 161, 162, 163, 165

Lenovo, 37

Lexus LS600, 149

Lightening talks, 40

Linux-based operating system, 162

Listening: continually, 69; creating a forum for, 38–39; importance of, 26; in order to meet customer needs, 188, 190; training in, 22

Livescribe, 30, 32

Logistics, asking questions about a business customer's, 117

Logistics advice, providing, example of, 105–106

Logistics arena, expansion of, example of, 106–108

Logistics investment, improved customer service resulting from, 171

Long-term thinking: focused on, 23; lack of, 6

Long-term trend, investing continuously to build capability needed to address a, 110

Lowe's, 3, 36, 169, 171 Lurie, Glenn, 166–167, 168 Luvs, 203

#### M

Macadam, Steve, 175, 177, 178

Macro changes, identifying, and
anticipating potential impact, 96–97

Macroeconomic changes, 93-94

Made for iPhone/iPod/iPad (MFI) certification, 189

Magic matrix, 57-58

Maintenance, talking to, in customers' organizations, to gather data, 75

Makita, 14

Malaysia, 1, 47-48

Management reporting systems, conventional, problem with, 60

Managers Open Summit, 40

Manufacturing ZZJYTs, 189

Marcus, Bernie, 169

Margins, pressure on, example of, 92

Market agility: addressing, 21–42, 43–65, 67–88; characteristics of companies with, 10; described, 5

Market change: assessing and responding to, process for, steps in, 91–92; to be concerned about, determining, example of, 92–95; identifying, and anticipating potential impact, 96, 97; successfully exploiting, 186; transforming organizations to respond to, 186

Market measurement services, 104 Market research, conventional, problem with, 27–29, 60

Market segments: assessment and analysis of, 52–55; more demanding, seeking out, 108; shedding, 174

Market share: as an indicator of opportunity, 56–57; looking across products and customer segments to examine, 57–58

Market ZZJYTs, 189

Marketing: using data analytics for, 62; word-of-mouth, 38

"Marketing Malpractice" (Christensen, Cook, and Hall), 80

Marketing support, contracting for, 190 Mars, Inc., 26

Mastery: benefits of, 199; desire for, 198; motivating through, 199, 200

McCullough, Ross, 77

McDonald's, 82, 169

MeadWestvaco, ix

Medtronic, 106

Melium, 47-48

Mercedes-Benz, 144

Mercury cars, 173

Mergers, 97 Metaphors, using, to stimulate breakthrough thinking, 116 "Me-tooism" approach, engaging in a, mistake in, 140 Mexico, 1, 3, 94 Michelin, 56 Microcultures: as a factor in change, 12; new opportunities for growth revealed by, 58-59 Microsoft, 5-6, 24, 30, 32, 161, 168, 192, Middle management, talking to, in customers' organizations, to gather data, 75-76 Mills, Vic, 202 MIT, 151 Mobile devices industry, 9 Moddelmog, Hala, 81-83, 84 Model E car, 142 Model S car, 139, 142, 144, 149, 202 Modeling behavior, 196-198 Monitoring potential change, 102, 103 - 104Moore, Geoffrey, 165 Morris, Betsy, 192 Morrow, John, 154, 155 Mossberg, Walt, 168 Most Innovative Companies list, 186 Motorola, 162 Mr. Clean Magic Erasers, 129 Multiple alternatives, developing, 123 - 124, 125Music industry, 7-8 Musk, Elon, 139, 140, 141-142, 143, 144, 145, 146, 147–148, 148–149, 150 Muve Music, 8 "My Worst Nightmare" scenario, 153

#### N

Nano car, 123
Nardelli, Robert, 174
NASA, 140, 147, 148
National Car Rental, 122
National Highway Traffic Safety
Administration (NHTSA), 149, 150
National Pet Owners Survey, 58–59
Natural bias, overcoming, 24–26
Natural gas prices, 2
NBC, 69
Needs of customers. See Customer needs

Netflix, 181
New York Stock Exchange (NYSE), 180
New York Times, 128
Newspaper industry, 8
Newsweek, 77
Niches: catering to, 186, 187–188; new opportunities for growth revealed by, 58–59
Nike, 55
Nissan, 141, 147
Nivea, 129
No Kid Hungry campaign, 84
Nokia, 161, 162
Nordstrom, 18
Northwest Airlines, 35, 197

0

Obama, Barack, 69 Objectivity, 10, 153 Observation approaches, 74-75 Observational research, in-depth, of customers' daily environment, 71-73 Office Depot, 188 "Official Future" scenario, 153 Offshoring, 1-2, 3, 94, 187 Oil prices, 2 Olay, 37 Olay Regenerist, 129 Omnichannel retailing, 171-172 On-demand manufacturing and delivery. 189 Online user forums, tapping into, 61 Only Goldens, 12 Open innovation, using, 128-129, 163 Openness, 10-11 Open-technology approach, 118

organizations, to gather data, 75; using data analytics for, 62

Opportunities: in business-to-business markets, identifying, observing and interviewing customers for, 73–79; failing to see or act on, 6; for growth, niches and microcultures revealing, 58–59; inherent in change, recognizing, 180; market share as an indicator of, 56–57; obstacles to acting on, 7; pursuing too many, 192; seeing new, as they emerge, 205; turning trends into, 89–112; uncovering, from outliers, 59–60; unexpected, investing in, planning for, 200–201

Operations: talking to, in customers'

Opposition, internal, overcoming, 149
Optimistic thinking, 140
Order Inn, 134

Organizational culture: of customer immersion, commitment to an, 70; managing your, 195, 196–197; new, building a, example of, 175–179; responsive, building a, 186; right, building the, 179; shedding elements of, 174

Organizational structure: considering changes in processes and, 174–175; novel, and unique systems, example of a, 189; as an obstacle, 7; responsive, building a, 186; right, choosing the, 179

Outcomes: possible, assessment of, 102; range of, illuminating the, that might occur, 154. See also Impact

Outliers, observing, 59-60 Outside-in thinking, 98

Outsourcing: elements of the value chain, commoditization and, 14; and knowing when it's appropriate, 15; of nonstrategic functions, 174; offshore, 1–2, 3, 94, 187; providing, of supply chain management, example of, 106; of room service and delivery, 134

Overconfidence, mistake in, 141 Ownership, providing, 175

#### P

Pain points: experiencing, firsthand, 25–26; helping customers with identifying, 104–105

Pampers, 203

Panasonic, 142

Pandora, 8

Paralysis: mitigating, 153; overload that can lead to, resisting the, 10

Partners, communicating intent to, 166–169

Partnerships: choosing, to build new capabilities, 179; flexible, forming, 168; gaining ideas from, 128–129; leveraging, to manage risk, 146–147; searching for start-ups to form, 163; shedding, 174; trusted, building, importance of, 167

Patents, 14-15

Pay-for-performance incentives: issue with, 198; managing, 200–201

PayPal, 140

Peak and slow times, witnessing the customer process during, 74

Pearlfinder, 129

Peer collaboration, 177

Performance improvement, 177, 178, 204, 205

Performance-based incentives: issue with, 198; managing, 200–201

Personal growth and learning, 176

Personal vision and inspiration, understanding one's, 176

Perspectives, seeking input from a variety of, 76

Petco, 58

PetSmart, 58, 59, 169

Philippines, 1

Pilot testing, 130, 181

Pink, Daniel, 198

Porter-Cable, 14

Practice improvement, 177, 178

Predicting need, problem with conventional market research and, 28

"Previsualizing" technique, 130-131

Pricing, 14, 24

Princeton, 22

Prioritizing, 15–18, 46, 91, 95–97, 101–104, 170–171, 190, 191–192

Problem, being married to the, meaning of, 79–80

Problems: digging deep to find new insights for solving, 67–88; understanding the, that you are trying to solve, importance of, 80–81

Problem-solving thinking, breaking out of normal patterns of, 116

Process change, 97, 174–175

Procter & Gamble (P&G), 37–38, 128–129, 164, 202–203

Product development cycle, shorter, 3

Product evolution, inviting people to help shape, 131

Product life cycles, 13

Product selection, 16, 17

Product ZZJYTs, 189

Production capacity change, 97

Products and services: competitor's, observing people's use of, 74; following your, and examine the entire process, 74; learning to quickly

Products and services (continued) develop and customize, 188; and letting them show you the way, 56-58; new, quickly introducing, 61; organizing customer segments as to why they use your, 58; outliers use of, observing, 59-60; performance of, and customer performance, looking at, simultaneously, 57-58; shedding, 173; that your customer uses in addition to what you provide, looking at, 74-75; unusual or frequent use of, looking for customers engaged in, 52-55; using your own, and your competitors, 24-26; visiting customers and enhancing your, 70; watching what happens before, during, and after employment of, 74. See also specific products and services

Profitability: by customer or by customer segment, looking at, and questions to ask, 49–50; high, and examining what is behind it, 51–52; looking across products and customer segments to examine, 57–58; by products and services, looking at, 56–58

Profitability data, gathering and assessing, difficulty of, 51

Progress Principle, The (Amabile and Kramer), 199

Propaganda, 153

Prototypes, use of, 130-131

Proximity, physical, importance of, for teams, 121

Purpose: benefits of, 199; clear, importance of having a, that is motivating, 202–205; desire for a, 198; motivated by, 199, 200

#### Q

Qingdao Refrigerator Factory, 185–186. See also Haier Group Quality improvement, addressing, 186–187 Quantitative research, 84

Questions: new, asking, for breakthrough thinking, 121–122; what-if, asking, 78

Quiet (Cain), 128

R

Rapid development cycle, 181
Rationality, 11
Raymarine, 55
Realistic thinking, 140
Recognition, providing, 182
Recruiting, 175, 179
Redesigning, 3
Regal 300, 57
Regulatory changes, 95, 97, 108, 109
Regulatory parameters, outlining, 152
Reinforcing, 164, 179, 182
Replication of products/services, 14
Reporting systems, conventional,
problem with, 60

Research: basic, investing in, 188; in-depth, of customers' daily environment, 71–73; ethnographic, 82–84; market, conventional, problem with, 27–29, 60

Research support, contracting for, 190 Research teams, 116 Reshoring, 2, 3, 94 Resilience, 151

Resource allocation, 55–56, 98, 103 Resourcefulness, 10–11

Responsibility, accepting, 176, 177–178

"Retail Therapy," 29

Return on investment, greatest, 19 Revenue, pressure on, example of, 93

Rhapsody, 8

Rhode Island School of Design, 67

RIDGID, 14

Rigidity, xi

RIM. See BlackBerry

Risk aversion, 181

Risks: addressing, and managing uncertainty, 139–159; mitigating, 95; reducing, 182; taking bold but prudent, 186; willingness to take, with only what one can afford, 150; worrying about, 95–101

Road and Track, 149 Roadster, 142 Rockwell, 14 Rule books, use of, 197 Ryobi, 14

S

Sales data, gathering and assessing, difficulty of, 51

0

Sales reps, talking to, in customers' Stanford, 151 organizations, to gather data, 75 Salesforce.com, 26, 27, 30, 31, 32, 33, 39 Samsung, 9, 15, 161-163, 165 Satisfied and unsatisfied customers, talking to both, 76 Scenario analysis, using, 151-155 Schultz, Howard, 43-44, 48 Schwartz, Peter, 153 S-Class car, 144 Sears, xi, 6, 14 Seeing What's Next (Christensen), 169 Self-confidence, 176 Senses, sharpened, 10 Sentiment analysis, 61 Service, asking questions about a business customer's, 117 Setili & Associates, 210 Setili Agility Framework, 16 Setili Cycle of Change, 164-182 Setili Thought-Starter for Business Model Innovation, 125 Shapiro, Ben, 57 Shared purpose, having a, 200, 204 Sharpened senses, 10 Shedding what doesn't fit, 164, 173-175 Short-term thinking, 6 Silos, 7 Simple changes, making, that are profoundly effective, 170 Skil, 14 Slacker, 8 Slow and busy times, witnessing the customer process during, 74 Small teams, benefit of, 120 Smart-home capabilities, implementing, 188 Smith, Fred, 90 Social media, continued growth of, 26 Societal parameters, outlining, 152 Software industry, 9 SolarCity, 140, 146 Solutions, existing, building upon, 118 Sony, 95 South by Southwest (SXSW) conference, 69 Southwest Airlines, 173, 198 SpaceX, 139-140, 148 "Specialist" scenario, 154 Spotify, 8 Sprecher, Jeffrey, 180

Staples, 32, 169 Starbucks, 9, 43-47, 49 Startup Playbook, The (Kidder), 140 Start-ups: forming partnerships with, 168; partially autonomous, forming, within your organization, 179; searching for, 163 Stock prices, 104 Store location, 16, 17 Strategic Agility® Think Tank, ix Strategic alternatives, consideration of, 101, 102, 103, 123 Strategic corner, turning a, 161–183 Strategies: breakthrough, creating, 113-137, 144, 145; designing, to maximize learning, 142-143; failing, clinging to, 156 Streamlining your organization. See Shedding what doesn't fit Structural change, considering, 174-175. See also Organizational structure Subsidized shipping, 92 Subway, 84 Superchargers, 146, 150 Supplier capability change, 97 Suppliers: communicating intent to, 166-169; shedding, 174 Supply chain management, outsourced, providing, example of, 106 Support Communities online forum, 39 Surveying the environment, 91 Surveys: consumer, conducting, example of, 82; conventional, problem with, 28 Swiffer Dusters, 129 Systems, responsive, building, 186

T

Taco Bell, 82
Tactix watch, 54
Taiwan, 1
Target, 188
Tata, 9, 122–123
Tax policies, working to shift, 109
Teams: cross-functional, assembling, that are grounded and imaginative, 119–121; free-market approach to, 190; management, alignment among members of, 151, 155; providing time to think independently on, 128; research, 116

U Technological parameters, outlining, 152 Uncertainty: degree of, assessing, 98, Technology: and commoditization, 14; 99-100, 101; managing, 139-159; customer-facing, 16, 18; and over the Internet of Things, 168; customization, 61-63; explosion of prioritizing response to change based new, 167; green, experimentation and on degree of, 101-104; worrying learning in, 108-109; investments in, 175, 188-189; questions to ask when about, 95 Unexpected: encouraging the, 39-41; considering new, 145; shedding, 173; identifying candidates who are able to using, to enhance the customer's deal with the, 196; learning from the, experience, 172 opportunity for, 101; planning Technology changes, 13, 94-95, 96 financially for the, 200-201: Technology industry, 5, 9 readiness to respond to the, 11 Technology risk, managing, 143-144, Unions, 2 145 United Parcel Service. See UPS Teen clothing tastes, shift in, 110 UNIVAC computer, 1 Tesla Motors, 9, 139, 141-150, 202 University of Michigan, 22 Text analytics, 61 Unsatisfied and satisfied customers, Thinking: binary, problem with, 123; talking to both, 76 breakthrough, 116-135, 147; future, UPS, ix, 9, 77, 89-91, 92-95, 104-112, 6-7; "ground-up," 147-148; 210 independent, giving team members Urgency, increasing, 35, 40 time for, 128; long-term, 6, 23; U.S. Department of Commerce, 104 optimistic, 140; outside-in, 98; U.S. Postal Service (USPS), 77, 92, 110 problem-solving, normal patterns of, **USAA**, 39 breaking out of, 116; realistic, 140; User conferences, encouraging the short-term, 6; wishful, 140, 153 Threadless, 26, 27 unexpected in, 39-41 User forums, online, tapping into, 61 3D printing, 94, 124 User information, mining, 188-189 3M, 164 Tianzen air conditioner, 189 Tide Pods, 129 Time Warner, ix Value chain, outsourcing elements of the, Tizen, 162 commoditization and, 14 TouchPad tablet, 141 Value created, determining the, 78 Training, 22, 175, 177–178, 199 Value-delivery system, elements of your, Transit time, 3-4 listing, and determining where agility Transitions, preparing for, when building is most important, 18-19 new capabilities, 179 Values and beliefs, organizational. See Transparency, 13-14, 179, 197 Organizational culture Travel industry, 9 Verizon Wireless, 167 Trends: becoming adept at Virtuous cycle, creating a, 38, 194, 200 understanding, 188; capitalizing on, Vision: clearly illustrating the, 193-195; that others don't see, 43; emerging, failing to communicate a compelling, meeting, 61; missing, conventional research and, 27-29; social media, Visualization, early, 130-131 continued growth of, 26; turning, into Vodafone, 12 opportunities, 89-112 Voice recognition, 94 Triggers, identifying, that alert you to meaningful changes, 103-104 W TripAdvisor, 61, 135 Wachovia, 210 Twitter, 61, 181 Walgreens, 163

Wall Street, disregarding the view

Wall Street Journal, 168

Walmart, x, 32, 93, 131-133, 195-196,

210

Walton, Sam, 195

Washington Post, 8, 22

Watson, Thomas, Sr., 180

Wells Fargo, 163

Wendy's, 82

What-if questions, asking, 78

Wikimedia, 40-41

Windows platform, 24, 201

"Winners and Losers" scenario,

154

Wishful thinking, 140, 153

Woolman, C. E., 197

Word-of-mouth marketing, 38

Workforce change, 97

World's Most Admired Companies list (2014), 37

X

Xerox, ix Xiaomi, 162

Y

Yale, 90 Yelp, 61 YouTube, 8, 26

Z

Zara (retailer), 61

Zhang Ruimin, 77, 185, 186-187,

190-191

Zip2, 140

ZZJYTs (independent operation units), 189-190