

The Future of Work podcast is a weekly show where Jacob has in-depth conversations with senior level executives, business leaders, and bestselling authors around the world on the future of work and the future in general. Topics cover everything from AI and automation to the gig economy to big data to the future of learning and everything in between. Each episode explores a new topic and features a special guest.

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**01:07 Jacob:** Thanks everyone for tuning in to this episode of The Future of Work with Jacob Morgan. My guest today, as you can see if you're tuning in live, is Mark Johnson. He is the author of a brand new book that I had the opportunity to read, it's called "Lead from the Future," and he's also the co-founder of Innosight, which he started with Clayton Christensen in 2000. And those of you who have been tuning into my show for a while, so keep in mind, Mark's book is called "Lead from the Future" and my book, almost the same title, "The Future Leader." [chuckle] So, you can literally almost rearrange the words from one book and create the other book title. And so, I thought, you know what, we're gonna have a lot to talk about today, so super excited. Why don't we start up a little bit of background information, just about you, how did you get started with all this stuff, how did you create Innosight, get connected with Clayton?

**02:01 Mark:** Yeah. Well, I took his Inaugural Managing Innovation course in 1995. It was the first year he taught the course, he was a newly... Well, he had been at HBS a couple of years, Harvard Business School, for a couple of years. But he started this new course as a second year elective, and it was called "Managing Innovation." There was only about 12 of us and a normal Harvard Business School classroom has about 80. So we were innovating as we went along. And long story short is we had a great connection, and my background has been in engineering, and I was in the US Navy. I think I had just an affinity for innovation and just really appreciated both him as a human being, but also what he taught. And then that led to us talking later about the idea, when his book came out in 1997, The Innovators Dilemma, which is all about trying to help companies stave off disruption, would there be an opportunity for us to work together to really try to take the thinking of The Innovator's Dilemma to the next level? And that's when we ultimately came up with the company Innosight. We co-founded it in January of 2000, with the idea of really trying to help companies large and small move from dealing with threats, turning threats of disruption into opportunities to create new market growth.

**03:33 Jacob:** Very cool. And so, why did you decide to write this book, and why now?

**03:40 Mark:** Well, it's interesting, 'cause as we know we're in the crisis, and so we could talk about this as visionary thinking as forward-looking thinking, is more important than ever. At the time of development of this book, which has been in the making for the last couple of years, in my mind, it was a capstone book I was trying to put together after 20 years of being a part of Innosight, where our realization about breakthrough growth, breakthrough disruptive innovation is that without really having leadership in a compelling long-term vision and strategy behind breakthrough innovation efforts with innovation teams, definitely 90% plus are gonna fail. They're gonna have difficulty to begin with. But they're really gonna have trouble if you don't have a long-term vision and strategy behind the efforts. And so, what I was trying to do with "Lead from the Future" is to really put together both the way of thinking and a process that would help leaders and innovation teams knit together these disciplines of leadership strategy and innovation, that need to come together to be

able to get more predictable and more successful, and the ability to navigate disruptive challenges, but to also seize opportunities, many of which are in the further out horizon.

**05:09 Jacob:** So you've worked with a lot of organizations, what are some of the common problems or challenges that companies come to you with that they need your help in solving?

**05:20 Mark:** Well, the big one is really getting around the management of breakthrough growth/innovation. You'll hear companies, I'm sure, you see it all the time Jacob in the work that you do. Where they talk about, we've gotta be more innovative. And what they really mean is, a specific kind of innovation, they mean, how do we get beyond our core? How do we get out from underneath ourselves and do something that really gets us into the new and different? And so, they're looking for that more disruptive breakthrough kind of innovation. And what we find is, most breakthrough innovation efforts stall or breakdown or fail, either because there's; one, not enough resources invested upfront to really give it the kind of wherewithal it needs to succeed. Two, when there's challenges in the core, or there's just general difficulties and priorities to do other things that resources will get pulled from breakthrough innovation efforts. And then finally, leadership tends to get impatient with sometimes the incubation and development period that these growth efforts take.

**06:38 Mark:** So those are the familiar kinds of problems that happen with breakthrough growth specific to the efforts, but we also find leadership teams themselves just suffer from, as we know all the time, just being very short-sighted and short-term-ism, the importance of profitability over sustainability. So there are all these incentives and biases that crop up in the way that further break these things down, and so the book attempts to overcome all of those barriers, and try to give a way ahead so that we can get more successful on sustainability.

**07:18 Jacob:** Got it, makes sense. Alright, let's jump into your book and some of the things that you talk about in there. So, why don't we start with just... What is the traditional approach that most organizations take or that most leaders take when thinking about the future?

**07:35 Mark:** Well, we've termed it present forward, which is, you basically take the existing structure and processes and rules and norms of today and you put that say within a business, and you try to continue to extend that forward by both incremental and breakthrough innovations that are tied towards improvement of the core. And there's nothing wrong with that, in fact, organizations do need to operate and execute, they need to continue to do product development, they need to drive marketing and R&D for the sake of continuing to serve the current set of customers or consumers, that is something that needs to move forward. But the challenge is, if that's all that you do, you're making this huge assumption that businesses can be extended out indefinitely over time, and as we know, if you take the horizon far enough, there's likely to be severe commoditization to a business or real disruption, things that create discontinuities just like in the crisis today.

**08:40 Jacob:** I was just gonna ask you about that, yeah.

**08:42 Mark:** Yeah. You know, most industries, most companies are facing severe discontinuity, coming out the other side is not necessarily just an extrapolation off of today, some of these things are gonna be not a straight line, but a step change or a transformation function, if you will. And so, present forward, while it's very important and you could even say it's 90% of what you do, it's not the kind of thinking that's gonna help you be transformative, where you really have to kinda lead by looking out to the future and walking your way back or what we call future back.

**09:18 Jacob:** So it might help you sorta sustain, but you're not gonna be changing the world when you think present future.

**09:23 Mark:** Present forward.

**09:24 Jacob:** Present forward.

**09:25 Mark:** Yeah, exactly.

**09:26 Jacob:** Yeah.

**09:27 Mark:** And as I think you probably saw the example in the book of a few examples, but one that's pretty metaphorical or very vivid is the invention of the locomotive train, and they really took the concept of the... In the 1830s they took the existing concept of horse carriages and they just strapped those on the back of a locomotive, because they could only think within the paradigm of what transportation was of the day, didn't really think about new propellants or possibility of what locomotive technology could do.

**10:02 Jacob:** Would you say, and correct me if I'm wrong, 'cause I very well might be, would you say that organizations like Blockbuster for example or Kodak, were victims of what happens when you only think about present future thinking?

**10:18 Mark:** Absolutely. I mean, I don't think Blockbuster could ever get to even close how far ahead Reed Hastings of Netflix was thinking, 'cause he was not only thinking about mail delivery of movies, but he was thinking ahead, two steps ahead, saying that, we need to imagine digital streaming of movies and this is only a stepping stone or business model, on the way to an ultimate business model. And Netflix looked way ahead in future back in that way, and I think Blockbuster was just playing defensive reactive to some of those early things that Netflix was doing. And the Kodak case, that's a classic example of not really allocating resources at the right pace and scale for digital and what we call cramming the digital paradigm and concept back in to the core business and really crushing it. Because they didn't again have a future back way, a long-term view of how digital could be incorporated as part of their existing silver highlight film business. And so, I think those are excellent two examples of being disrupted, and it started with not really thinking the right way, which is, I think the start of this is we gotta first think the right way about it and then we can come up with the right process to overcome disruptive threats.

**11:50 Jacob:** Okay. So starting with the present and... Well, so even before that, is there anything about... So there's kind of future back thinking which we'll talk about, there is present future thinking. Is there anything about the past to future thinking, or kind of learning from the past and bringing that forward?

**12:10 Mark:** Absolutely. In fact, I have a good friend of mine, Bob Johansen, at the Institute of the Future, we've collaborated in various forms. I would call him a futurist... A focused futurist as he calls it, taking the past insights and present as hindsight that can be incorporated into a foresight, looking out say 10 years. Which then putting that together can lead to an insight, and that insight once you have it, he terms it you can never go back, because it is about developing a point of view. So, as long as you bring in past history and perspective and you bring it in in the sense that it doesn't dictate the form and function of the future, but it's used instructively for lessons learned or

to factor in some elements of the past that could be part of what you anticipate in the future, then that's fine, it's just, you don't want the tail wagging the dog, you don't want the present and past analysis to lead the perspective about the future. You want it to be in service of developing what I would call a clean sheet break from the present and past, mostly point of view about what could and should be about the future.

**13:38 Jacob:** Okay. So, before we talk about the process of starting from the future and working backward, how far out in the future are we talking about? Is this like a year, 50 years? What's a good horizon for us to look at?

**13:55 Mark:** Well, the basic principle about the time horizon... And by the way, we would say that a lot of work should go into as a team, coming up with the appropriate horizon, it should be a horizon where you can start to see that the inevitability of some businesses or many businesses within your enterprise commoditizing, or having shifts in terms of market consumer preference, the potential for points of inflect, vis-a-vis technological disruption, the convergence of a set of trends that can lead to a discontinuity, that's the number one factor in determining the time horizon. The other horizon is to get it past the noise of the here and now or things that are being planned and budgeted, where there's lots of competition for those resources. So you wanna get to a place that's gonna create some discomfort in terms of the ambiguity, but not so far out that it just seems utterly impossible to get your arms around.

**14:56 Mark:** In our experiences that's been about the five to 10-year horizon. Software companies, it might be right on the edge of five years, maybe four years. Pharmaceutical companies, defense contractors, maybe that's 15 years, but on average, it's five to 10 years. And I would say, this is an interesting time that we're living, because those points of inflections, those convergences that lead to a discontinuity of now all have been rapidly moved upfront, moved up to dislocations that are over the next 12 to 24 months. So, it can be circumstantial-dependent. We recommend in the work we're doing now that companies not only have a long-term vision to set direction, but they have to be thinking about future back from the 12 to 24 months period, because of everything that's just happened in the world.

**15:48 Jacob:** Yeah, it's really been amazing actually to see how this pandemic has dramatically, I don't know, I'd say at least fast forwarded a lot of organizations by a decade with their digital transformation efforts. Just with the tools and resources that they need to use, changing the way that they lead, leading remote teams now. We've been talking about flexible work and these digital technologies for, I don't know, 10 years, 20 years, and it seemed like a very slow kind of gradual change, and here comes this pandemic, and all of a sudden, within the scope of a couple of months, what people have been trying to do for decades is getting done within a few short months, which has been totally crazy to see.

**16:30 Mark:** No, absolutely. Things that were stuck get unstuck, and some things are on the side of the equation of a threat, and other things are on the side of the equation of an opportunity. And I think that again makes it why it's so important to spend some time in the future. Again, even if it's 10% to 20%, thinking about how things are gonna be different, where are the real threats that are gonna be around for more than a year or two, where are the real opportunities that we can seize, how can we rethink what could be and should be. And be able to realize, there will be a number of new normals. There are things around telehealth and telemedicine, telecommuting, all these things that were pretty slow that all of a sudden as we all know are gonna be accelerated, everything that's tele. I know we've been interacting with a number of potential clients and existing ones in higher

education, and for years they've been holding off on really trying to do distance learning or online learning to compliment executive education, and now they have no choice but to think about it. So, that's how things are gonna change around for sure.

**17:49 Jacob:** Yeah, it's amazing to see. So, one question that we got from somebody who's watching live, and I was actually gonna ask you this as well. His question is, what do you think about the opinion of not looking too far ahead and not planning too far ahead, in case it demoralizes or jeopardizes the organization's momentum, should what you're planning for not actually being materialized? And I've also heard some of this argument, right, where some people say, "Five-year plans are gone because things change so quickly, we just focus on the next quarter or the next year, the long-term planning is dead." What do you think about that?

**18:34 Mark:** It all comes back to perspective. So if you take a five-year to 10-year plan and you call it a long-term plan, and you leave it as a one-and-done, and you don't... So two things that I think would be the wrong perspective. One is a long-term plan is a photograph and it's a specific set of points that we're going to try to go after; and two, we're gonna one-and-done it and we're not gonna look again at it or we're just gonna implement it and we'll revisit this after a couple of years. Sure, then you risk the whole predicted future as not coming to fruition. But if you change the perspective and you say, "We're not trying to create a photograph, we're trying to create a general direction, an impressionist painting that helps be our north star that gives us hope, it gives us inspiration. It should be filled with purpose."

**19:34 Mark:** So it's like a vision statement but a lot more, because I think a vision statement just becomes a trite one or two sentence statement of a company. But if you could create a narrative and then you, number one, at the right level of granularity but specific enough that it sets direction for the organization. And then two, you need to be in the mode of learning. You have to constantly revisit this narrative, and you have to bring that narrative to life with experiments that you start today, seeds that you plant, to move forward to that intended future. And as you learn, based on how things change in the environment in the experiments you run just like an innovation team sets a set of experiments, then you will modify the resource allocation investment choices you make today.

**20:24 Mark:** Well, in keeping with the vision and making adjustments to the vision, but without the vision, you don't inspire the organization, you don't create the energy that's needed to get through the difficult days, no matter what that breakthrough growth initiatives you're gonna have, because they take time to incubate in scale. So, I recognize the criticism, but it has to do with managing the five to 10 years, thinking about it in the right way, that it's not a one-and-done, and you're not trying to say, "Did I get it right? Did I implement?" It's about clarity, not certainty. And the clarity creates a perspective by which it better informs what you should be doing today for investments for the future.

**21:10 Jacob:** Got it. Okay. So I suppose the big mistake that a lot of leaders make is they come up with this picture like you said, and then they don't really revisit it. They just kind of have that there and just navigate towards it without paying attention to anything else that's happening in the world. Whereas as you're saying, it's important to kind of revisit it on a regular basis to see if you're kinda moving in the right direction. How often do you recommend revisiting that vision or adjusting it or changing it?

**21:40 Mark:** Yeah, well, so that depends. I just wrote an HBR article tied to the book, Lead From The Future that, it's HBR online, that talks about being able to actually on a weekly basis, be

looking out for 10% to 20% of your time, looking out to 12 to 24 months and being able to talk about a point of view about that future tied to a longer-term vision. So, in this period, we're recommending that you're spending some of your time, a little bit of it, beyond the crisis because there's so much that it needs to be planned for now as well as addressing the immediate needs. In a general sense, as an easy example to get your arms around, the automotive industry is going through a lot of change. BMW spends once a quarter looking into their future, reflecting on it, talking about new information, adjusting where they wanna really take the organization. So I think at a minimum, it's once a quarter that organization's leadership teams spend on revisiting their vision and the initiatives to take them there.

**22:50 Mark:** I mean, if you put all this together, Jacob, really what this is is a framework for how to get past what you don't know you don't know. So it's all about learning. This is just a construct to set up a set of assumptions that can be debated and discussed, not just as an innovation team, but as a leadership team, about where you're trying to take the organization.

**23:13 Jacob:** Okay. It reminds me a lot of chess, so I play a lot of chess as people who tune into this show or follow my content know. So when you were talking about planning, it really reminds me of like when you create a plan in chess, you can have a plan and try to execute on that plan, but at the same time, you need to pay attention to what else is happening on the board, because your plan might change. If you have one plan set in place and all you're doing is going after that plan without paying attention to what your opponent is doing, without paying attention to the position on the board, you're probably gonna lose. So it's important to have a plan but you also need to pay attention to kind of like the micro stuff, the details of what's happening on the board to make sure that your plan is still a sound plan. So I love that idea of not just kind of having something and going for it blindly, but sort of paying attention to what's going on on the board so to speak as you go for the plan.

**24:10 Mark:** And without the plan you don't know what you don't know and you don't have a learning agenda. With the plan, you basically have put together a learning agenda on what things you need to learn to move forward. Because when the work we did the automotive industry that said nobody has a crystal ball, nobody could say exactly where the automotive industry is gonna be over the next 20 years. So it's the organization that learns most effectively the fastest, that's gonna be the ones to pivot and make gains towards what the intended future needs to be and should be, and in fact, how they can shape that future. But we're just so biased against the future, because like I said, I don't think we have the right perspective about it. People say, "Oh, that's far out. I'm not gonna be there," that of course, that's a bad attitude. That's not really good stewardship. But they also say it's too faint, it's too fuzzy out there. Why would we spend any time there because we got all these things that we have to deal with the here now. But they're failing just like your chess analogy, you gotta start with a plan, because that at least formulates the kind of things that you wanna be moving forward and learning about.

**25:25 Mark:** Absent that plan, you're really moving in the blind and you really are gonna be stuck in the present forward fallacy, because you have nothing else you can do but to extrapolate off of the way things are today which can be very dangerous, especially not just with COVID but just especially in the environment we live in where change happens. I know it's trite to say this but it's true. Change happens faster than ever before. We have to really think about a whole different strategic management system for the 21st century because the way we've done strategic planning in the past is not gonna serve us with the level of learning we need to be successful.

**26:01 Jacob:** As I always say, if you don't think about and plan for the future, you're not gonna have a future. So it's important to have that in place. Well, let's talk a little bit about the process, the future back process, because I think this is where a lot of the listeners and the viewers are gonna really be able to get the kind of the tangible application aspects of this. And you have a couple of steps that you talk about in the book. I think there is three phases. Phase one, develop an inspiring vision. Phase two, translate it into a clear strategy. And phase three, prepare for and manage its implementation. So let's start with phase one, develop an inspiring vision that is fully actionable. How do you go about doing that? How can the listeners or viewers do something with that right after they're done with this episode?

**26:50 Mark:** Sure. Well, let me give you a well-known story, although the particulars I'm gonna share maybe aren't so well-known, but I think it can make this very clear on step one or phase one of developing the vision. As I said, it's not a vision statement in sense of a vision, mission, values exercise that you do as a half-day on an off-site, and you come up with a couple of sentences of each.

**27:15 Jacob:** Yeah, we've all done those.

[chuckle]

**27:17 Mark:** Yeah, we've all done those. This is about really trying to develop a clear-eyed view about what the five to 10 years looks like, first in terms of the future environment and its implications. And then second, how you fit in the environment as an enterprise, in terms of basically what it is that you're doing and should be doing from a core perspective and then beyond the core perspective. So the example of the vision we're talking about, as I mentioned the well-storied of Apple and Steve Jobs coming back into Apple in the late '90s. When he dealt with... Oh, by the way, during the crisis, the Dot-com crash in 2000, 2001, he looked out to the future, because not only was it the Dot-com crash, but him being a high-end niche computer manufacturer, there were all kinds of, what do you call it, critiques that the computer was gonna commoditize, that they were gonna be left behind.

**28:20 Mark:** So rather than sort of deal present forth with all that, they looked out 10 years and long and short of it, their vision was not only with the core computer business would be in 10 years, but beyond the core what they call the Digital Hub vision or strategy to go beyond just making PCs, but enabling through software how the Apple computers could enable different consumer electronic devices, like MP3 players and cameras. So we looked out in terms of a vision of the poor business, the adjacency I would call of Digital Hub, and then the new indifferent truly breakthrough right imagining iPod and iPhone and iPad. Now, I'm not saying those were crystal clear in 2001, but there was a point of view about them entering into consumer electronics and transforming those industries, which as we know, they ultimately did. It's that kind of vision, that point of view taking the environment and placing almost, if you will, a portfolio of what the businesses could look like in that intended future. That's the kind of vision that we're talking about. That's step one.

**29:35 Jacob:** Okay. So how do you start to, I guess, develop that or know that you're on the right track for creating that vision? Do you just kind of look at where the business is and what sort of the tangential areas are, or how do you start to, I guess, develop that, so to speak?

**29:52 Mark:** Well, again, it's a creative process, it's not a one-and-done, it's not a let's review some documents and then let's come up with the vision and execute. It's a very much in the design

thinking realm. It's a lot of right brain, not just left brain. It's a lot about developing points of view and assumptions about things, as opposed to relying on facts and data. So, we recommend number one, this is in the form of a team, like a leadership team that's in dialogue, it's three steps forward and it's a step back. It's messy, it's iterative, you have to go through dialogue, you have to do this over time, you can't just do one-and-done in a day. We usually think of it as a series of dialogues to build up to the vision and the strategy and then the implementation plans. You wanna be able to nurture different points of view, divergent points of view about this. You wanna get to underlying assumptions about the way the world's gonna work.

**30:55 Mark:** I think that's what Steve Jobs did with his top 100 lieutenants in 2000, to be able to figure out how to formulate this vision. And you wanna be able to then craft the narrative. It's all of the things we talked about. You gotta come up with the right time horizon. You gotta think about what are the real driving force trends and potential points of inflection? What's the potential gap that we face which should further inspire how to go beyond the core? How do you begin to think about the art of the possible in terms of what we call major strategic focus areas?

**31:34 Mark:** So all those things are as much art as they are science. But I will tell you by immersing yourself in that, bringing trends into that, talking about potential disruptions, thinking about how technologies are gonna evolve and converge, you can develop a point of view about opportunities that go beyond the core, that then would encapsulate a vision that could be articulated at the right level of granularity, that's not too granular to be just not gonna be accurate. But granular enough that you can get a clear-eyed view about where you're trying to take the company and inspire the organization.

**32:12 Jacob:** Okay. Do you have either any favorite examples that you like or maybe an example of what a bad vision would look like? So what do you not want it to look like or do you have any great ones that you wanna share?

**32:28 Mark:** Well, let's start with the bad side. It's a good question, I didn't do analysis to point out these exact companies, and say, "Hey, here's a bad vision." But I would just reiterate, a bad vision is, first off, no vision and I would argue a number of companies don't have really any vision, right? I mean I think they are very much in the here and now, they're driving off a set of strategic objectives at best, financial objectives. They might be talking about their priorities of what kind of products and services they wanna build. But in terms of a truly inspiring, purposeful, hopeful vision about making the world a better place and how they can do that, I think that's foremost. Or this effort that's delegated almost as an HR exercise that leads to, we're gonna be number one or number two in our industry, or we're gonna create the best health care products in the world, those are examples of bad vision. And I think you could find them all over the place. So I probably wouldn't wanna point anyone out on that one.

**33:46 Mark:** In terms of good vision, in addition to, I think even if it wasn't articulated more than just a digital hub, I mean I think Apple... But there are some more recent ones like Siemens coming up with a vision and how they can make for a better society. Or a Chinese company, Tencent, who's talking about how digital can be enabled to make the world a better place. Or Ørsted who created a vision to be able to move from a natural gas company in Denmark to a solar-powered clean energy company, and what that would imply for the world and how they would do that. In the book, we talk at length about Johnson & Johnson's world without disease vision, which is an extensive narrative about how, with technology and healthcare trends, they, in 2030, imagine a world where many diseases, specific diseases like lung cancer can be prevented or intercepted. That the disease



progression can be intercepted early on before it manifests into a full-blown stage one or stage two or beyond cancer. And that was articulated as a full narrative on what they intend to do to change the world for the better in healthcare. So those are a few examples beyond Apple of companies that are creating a vision that can inspire but also create this practicality that's needed to do something about it today.

**35:24 Jacob:** So Philip Morris, the tobacco company, there is this, interestingly enough, to create a smoke-free future, which is something that you wouldn't expect out of them, but that's the first thing that I thought of. Okay, so first is this vision piece and again, we talked about, roughly around five to 10 years out. Phase two is you translate this into a clear strategy. So how do you make this vision into a strategy?

**35:55 Mark:** Well, I think back to mindset or... And this would be maybe organizational mindset; if vision is about being a storyteller, creating this inspiration, hope and purpose behind the organization and what it wants to achieve, very purposeful-oriented. Then strategy is about becoming an engineer, going from a storyteller to an engineer and starting to translate that narrative into some tangible. So the first tangible would be just to literally develop what we call a future state portfolio, convert those aspirations around core and beyond the core into a portfolio of businesses and capabilities that would need to be in place, say 10 years from now that are allocated across core, adjacent and say new that then lead to a say, a revenue goal and beyond financials and in terms of a level of impact. This would especially apply for non-profits.

**36:58 Mark:** And then take that view and walk it back to develop backwards a set of milestones that you would wanna achieve going forwards, to then a set of investments and initiatives today, what we would call an innovation in growth portfolio, which would be a mirror image of the future state portfolio in terms of core, adjacent, and new and different growth opportunities that are allocated based on what you're trying to ultimately envision in the future. And again, you'd be, in particular, heavy-duty experiment mode in the new and different sort of white space initiatives, and those would be a small percentage of the portfolio. They may be well less than 10%, depending on what you have going on in core and adjacent. But that's the engineering, that's the strategy, is to convert that narrative of the future into a portfolio of initiatives that are going to be implemented today, both for the short-term and the long-term. And a set of milestones that were developed from the future-back, to gauge your progress and make sure that you're making the level of progress you need to achieve your intended vision.

**38:18 Jacob:** How much room is there for mistakes? So you set the vision, you figure out sort of the investments that you wanna make in different things. The world isn't perfect. You're gonna make some mistakes, maybe you'll invest in some things that don't pan out. So, how in this process do you think leaders need to be dealing with any kind of, I guess, failure that comes out?

**38:42 Mark:** Well, I think if you look at how leaders and teams do it today, when they say, "You know, we need to get more innovative, we need to be able to create more organic growth, and inorganic growth through innovation," and they'll often set up a chief... They'll have a Chief Innovation Officer or innovation team and they'll say, "We've gotta do some things," and they'll start to prioritize some projects. And they haven't... They have the benefit of looking future-back like I'm suggesting. But they're still allocating resources over to do something breakthrough, like a defense contractor going into energy, because they don't think they're gonna have enough customers in the Department of Defense world, so they go in to do things on the energy side of things. They're still taking risks. They're still investing to do that, but I would say they're taking greater risks, because

they don't really have a north star for why they're doing those as much in the first place.

**39:41 Mark:** So, the same things apply, there's gonna be mistakes, there's gonna be ventures that don't work out. The key is to spend a little to learn a lot, to mitigate the risk by how you start things out in pilots, and that you're very good about shutting things down that are disproving your assumptions. So, all that is in play, you are gonna make mistakes, that's how you learn. The key is to have this vision to help, not cause an impatience. Some of those earlier blockades that I told you about, you don't wanna be impatient for growth and have the leadership saying, "You guys aren't going fast enough." That's what happens when you look present forward. If you have future-back, you have a much better perspective of how long to allow these efforts to incubate and accelerate, you're less likely to yank them, yank the funding away, because there's challenges in the core, because you have this long-term perspective in portfolio. So, I would say risks and mistakes are part of managing the risk, but it's a much better and actually less risky endeavor when you tie vision and narrative and strategy with innovation team efforts to make them successful.

**41:05 Jacob:** Okay. So, I've got a couple of questions here before we get on to the third point. So, the first question is from somebody watching live, he says, "Can you talk about how leaders could deal with the black swan concept, of how much do you let the unknown dictate your vision?" And then I asked him to expand on that a little bit, and he said, "An event that is inevitable but the possibility might seem distant. For example, we all know about the economic rough and [41:34] \_\_\_\_\_," I'm assuming he means how the economy goes up and down, "but how much do you prepare for the downward dip when shaping the vision of the organization?" So hopefully that makes sense.

**41:44 Mark:** Yeah, no, no, absolutely. Those are, in the purest sense, disruptions, which means you can't put them on a trend line. They just happen. Black swans that... There's just no way to anticipate them. I think that what we have found that some level of relevant discussion around major disruptions that would have a particular impact to your business are part of the conversation of talking about the future. And let's face it, the more you go further out, the more possibility there is for a black swan event, maybe it's not a pandemic, but maybe it's something to do with cyber-terrorism, or some major catastrophe that happens or just some global shock that moves us for other reasons into a recession or at worst case, a depression. So, all of those things are always at play, and if you put all of the different major points of disruption in together, the likelihood, especially when you're looking out 10 years or more, that something is gonna happen are pretty high. What I would say is, having a conversation about the implications of one or more of those, and what would that mean in terms of, if you will, war gaming it to how would you navigate through it and be able to make some choices about preservation of capital or how much do you preserve for a rainy day?

**43:22 Mark:** In the case of, I would view of the government, if we were looking again at another black swan, because you wouldn't put it on a trend of a pandemic, although you could say there's somewhat of a trend, because we've had Ebola and H1N1 and SARS and MERS. But I think you could say, from a governmental point of view, you looking at this future-back, you would come up with some minimum level set of choices in the event of one happening, how you would be able to do the immediate actions, and some of the minimum required things to be able to not go under if these things happen. I think the same thing in a similar way would apply to business, but I think you'd have to select which ones are the black swans, which would be the most sort of affecting, potentially affecting your company, and then, think about these contingencies accordingly and make the trade-offs, because obviously, contingencies would take some investment to be able to stockpile or prepare or save cash or what have you.

**44:28 Jacob:** Alright. And one more question for you before we get to the third phase. This question is from Glen, and he says, "What forcing functions can a company or organization put into place to operate from a future state?" So, any advice to basically, I guess, get everybody to think from that perspective or to operate from that point of view?

**44:51 Mark:** That's a great question, I love it. It's actually the latter part of the chapters of Lead From The Future, where we talk about both what leadership teams can do to institutionalize, but then the whole organization. I'd say first, starting with the leadership team, we call it developing a leadership framework, where you basically make explicit what it means to be present forward, and what it means to be future-back. And you build a language for the leadership teams and even the board of directors about the importance of applying present forward for 80% or 90% of the time to execute and operate in the business, and what that looks like and the metrics, you know, financial metrics, and the process which is very analytical, and you make all that explicit. But you also have explicit what future-back means in terms of the way of thinking, it's more organic, it's creative, the rules in terms of it's gonna be more dialogue and debate and discussion, the process, which is gonna be more iterative and more of a creative process, and the metrics which are not gonna be as much financial, but are gonna be learning based.

**46:05 Mark:** That's one way to institutionalize this and make it real, is to, one, build the language; and two, actually put in place a framework that says, when we're in the 80% to 90% mode, this is what it looks like present forward, this is actually what it looks like when we're wanting to debate and discuss the future attributes of what future-back thinking and process looks like. The other is in the organization is to encourage, one, the language; but two, the underpinning of what future-back really is, which is all about learning. When Satya Nadella took over for Microsoft, a long story short, is he said, "We need to shift from a culture of know it alls to a culture of learn it alls." That had a profound effect on the organization, and it's really in keeping with what it means to be a future-back oriented. The learning process of future-back effectively is, you first explore, you come up with points of view based on exploring trends and disruptions and so forth, and consumer jobs to be done and where those are gonna go over time.

**47:13 Mark:** You envision what things could and should be and how you'd almost architect that, and then you discover, you test and learn today, based on the initiatives that you put forward. That's an iterative ongoing loop type process, that again, I show in the book as an explored vision discover, which is not the same linear process as operate and execute.

**47:37 Jacob:** Okay. And then the last phase of this is around preparing for and managing its implementation. So you start with the vision, you work back from there, you kinda get this strategy in place of things that you're gonna be doing, and now you actually need to put these things in motion. So, any advice or suggestions on how to actually make this stuff real?

**48:01 Mark:** Yeah, the main point I wanna get across on this third part is, I think many will understand implementation and milestones and forming up implementation plans that are more detailed, specific to setting innovation teams in motion. The big, big piece about phase three is to not forget the programming piece, the setting up the organization for success, especially if we're talking about transforming the innovation based on a transformative vision, where it's gonna be pretty breakthrough, and there's gonna be a fair amount on adjacent and break through efforts. You have to get the governance right, the leadership has to be involved, not just in the core, but in moving beyond the core and overseeing all the challenges of creating new business models and things that are gonna take a longer time horizon. The core organization is gonna have difficulty over

time supporting that without an aligned, committed, and sponsoring, and governing leadership team. So you gotta get this set up right.

**49:09 Mark:** Program management office is the common term, we call it a transformation management office. You gotta get the right venture leaders in place and make sure they're qualified, you gotta carve out the resources and keep them carved out, even if it's a small percentage, you have to ring fence resources, you have to think about the right team size, you gotta make sure you're measuring in the right way. So all those things are very important. Way too often we see clients that say, "Okay, I've got my vision and strategy, this is what we do, we execute." And yes, you execute on the core, but you don't execute breakthrough growth every day, and you gotta be able to do both. And so, programming and setting up the right way is essential, and that's really what we outline in the book, is to really understand that programming phase along with what you do in implementation.

**50:01 Jacob:** Are there any leaders or organizations out there that you think do a particularly good job of thinking in this way?

**50:11 Mark:** About programming or future-back in general?

**50:15 Jacob:** No, no, future-back in general.

**50:16 Mark:** Yeah, so leaders that have in our, Scott Cook, the chairman of Intuit, is a consummate future-back leader. People would say, "Oh, he's an amazing disruptive innovator," but it starts with him being a future-back leader. I think he's a consummate one. AG Lafley, who's now retired, but at CEO of Procter & Gamble, Chairman and CEO, when he took the reins all about organic growth through innovation, he was thinking way ahead. He talked about P&G being around for 200 years and maybe he didn't take it all the way to the 200th birthday, but was looking way ahead to make it successful. Mark Bertolini, we wrote about in the book, who is the CEO of Aetna, in the middle of 2010, when the Affordable Care Act came to be, their profits were growing 38%, they were on a roll. And in the middle of all that, he looked ahead and said, health insurance, the way we know it is dead. It's not gonna just be about benefit managers in corporations that develop plans for customers, we need to go directly to the consumer and we need to not only think about healthcare, but about health and well-being. And that led to ultimately the acquisition by CVS, but they take that kind of thinking as part of what CVS is doing.

**51:50 Mark:** And I give a lot of credit to Mark Bertolini and his leadership as the CEO at the time of Aetna, as a true future-back leader. And then finally, I wrote a lot about Johnson & Johnson and in their Janssen pharmaceuticals division and Dr. Will Hait, who at the time was leading all of R&D, a multi-billion dollar organization, which had its gun pointed like all pharmaceuticals at how do you make better treatments? And he had the vision to say, "We've gotta carve out past all that and start thinking about how we prevent and intercept diseases, not just be in a break-fix kind of way."

**52:30 Jacob:** I wanted to just quickly read a couple of these things from your book. You had a section in there called "The Ingredients for an Effective Senior Leadership Team" And I just wanna quickly outline these for people who are listening. So there were four ingredients. The first one is understanding that successful enterprise leadership is as much about exploring and envisioning as executing and operating and knowing when one or the other is called for and how to balance them. Second ingredient is a willingness on the part of its members to change their behavior, even if

they're not yet ready to change their minds. That was probably my favorite one, because there's something to be said about changing your behavior when you're not maybe... I mean, it's a hard thing to do, right? Change your behavior before you change your mind. So I thought that was a very interesting point to make.

**53:18 Jacob:** The third one was a willingness, and again, I love the way that you say this, to "dance" with each other guided by the structure of a shared vision for the enterprise as a whole. And the last one was a strong, independent board and the willingness to collaborate with it. So, I loved those four ingredients in there. I don't know if there's anything that you wanna mention about any one of these or how to make some of these things actually happen?

**53:47 Mark:** Yeah. Well, I think one example, if you've started with the first one, to change your behavior. In my book "Reinventing Your Business Model," I tell the story of a great theatrics director, I think Stanislavski, how he trains his student, who says, "I don't really feel scared." He needed to be scared for the scene in the play, and he said, "Well, just dive under the table as part of that, just go and do it." And then he asked how you feel and he said, "I felt scared." So, I think in this case, the behavior change is simply to go in and start envisioning. [chuckle] Just go out into the five to 10 year and start having conversation, and come to understand like, so many other clients of ours and people outside of our clients who have done this of just how much reward there really is. How much insight is possible by just doing it and spending time. And regardless of your background, and maybe your preference is to be much more delivery-oriented than discovery-oriented, and not everybody has to engage in this.

**55:02 Mark:** But overall as a leadership team just start doing it. And start realizing that there is power in the long term, and more than ever in the COVID crisis, there's power of looking back past the 12 to 24 months, that can help better inform and make sure the things that you feel like you're crisis managing today are things that aren't gonna end up... You're running really fast and executing better, but maybe you're executing well on the wrong things. So, it's not all about what you're doing, it's also what things you should be doing, and I think just doing it is gonna create the change of mindset by the change of behavior.

**55:48 Jacob:** Well, before we wrap up, and I ask you where people can go to connect with you and grab your book. Do you have any last parting words of wisdom for people who are listening? Maybe, for example if you're not a leader and you're somebody who works for a leader that doesn't embrace this way of thinking, is there anything you can do to change their mind or can you embrace this thinking even if you're not a leader?

**56:14 Mark:** Well, it depends on the leader. If I say, without being disrespectful, but if your leader is like Cro-Magnon and just you can't get through on almost anything, as there's not a level of humility or openness, then you might have to say to yourself, "Do I wanna be part of this organization?" But I think any leader that has any kind of level of humility and openness to see things in a different way, you can start by sharing the book, or sharing the language. An example is, when Clay shared the innovator's dilemma, actually there were people in the middle management level of Intel that discovered the book and talked to Clay Christensen about it, and those people were grassroots in the organization to take that all the way up to Andy Grove. And Andy Grove, the kinda leader he was, was able to embrace disruptive innovation thinking and the analogies and translate to how Intel could be disrupted itself. And then that led to their own innovation efforts around the Celeron lower-end chip to be able to deal with what could have happened to disrupt them from the low end.

**57:30 Mark:** So I think we all have an opportunity to spread language and a way of thinking, and hopefully, leadership will pick up on that. I think reinforcing the importance based on case examples of visionary organizations that are able to... Be able to inspire the organization and then practically think of ways to anticipate alternative paths in the short-term, like what we do in the COVID crisis. And then do not think of anything as one and done, but remain agile and willing to pivot and that think in the sense of humility as being behind learning and learning being behind innovation. All of this, I think, by language alone and principles can turn an organization, and it's not just leadership that can do that, people everywhere can influence by what they say and what they talk about.

**58:26 Jacob:** Well, I think that's a wonderful way to wrap up. So why don't you let people know where can they go to connect with you or grab your book? Anything that you wanna mention, please feel free to do so.

**58:38 Mark:** Well, I am on LinkedIn and I can be reached at [mjohnson@innosight.com](mailto:mjohnson@innosight.com). So that I think is pretty easy, [mjohnson@innosight.com](mailto:mjohnson@innosight.com). The book is available in Kindle version and hardback on Amazon. And we have our own website, [futurebackleadership.com](http://futurebackleadership.com), where you can learn more about the book and how to order the book.

**59:01 Jacob:** Very cool. Well, Mark, thank you so much for taking time out of your day to join me today.

**59:05 Mark:** Thank you, Jacob. It's been a real pleasure.

**59:08 Jacob:** And thanks everyone for tuning in, and my guest again, Mark Johnson, author of the book "Lead from the Future." I had a chance to read the book, I thought it was a wonderful read, so I highly recommend you guys check it out. And I will see all of you very, very soon. Thank you for tuning in and watching.