

Chapter I

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Why do old habits die hard? Surmounting the status quo through complementary innovation

“Change is hard because people overestimate the value of what they have—and underestimate the value of what they may gain by giving that up.”

~James Belasco and Ralph Stayer

“You will either step forward into growth or you will step back into safety.”

~Abraham Maslow

Step back in time and into the shoes of the early creators of some technologies we now take for granted: airplanes, telephones and automobiles. In their early stages, newfangled ideas were scorned more than praised. What if the creators of these technologies listened to the doubts of potential custom-

ers, trusted advisors, the general public and, sometimes, themselves? In 1901, a famous visionary declared, “Man will not fly for fifty years.” That was Wilbur Wright and, two years later, his brother Orville made history with the first manned flight at Kitty Hawk. How was the automobile viewed in the early days? The spokesman for Daimler Benz said, “There will never be a mass market for motor cars—about a thousand in Europe—because that is the limit on the number of chauffeurs available!”

The path from idea to action is a rocky one. Why is it that most people responsible for what we think of as innovation – designers, engineers, scientists, inventors, R&D managers, upper executives, etc. – spend most of their time failing at the very activity upon which their success depends?

The Status Quo: Resistance to Change

Resistance to change and an aversion to taking risks are opposing or retarding forces against innovation. The following passage from Bruce Wilkinson’s book, *The Dream Giver*, captures the challenge innovators face when trying to change engrained customer habits and routines:¹

“For the most part, not much happened in Familiar that hadn’t happened before. Ordinary thought he was content. He found the routines reliable. He blended in with the crowd. And mostly, he wanted only what he had. Until the day Ordinary noticed a small, nagging feeling that something big was missing from his life. Or maybe the feeling was that he was missing something big.”

What motivates the world’s Ordinaries to change or to instill in them that nagging feeling that they are missing something big? Innovations, even the best ones, push people outside of their comfort zone. People generally respond to change in naturally defensive ways either with active resistance or with complacency, because they are attached to the status quo. Innovators need a deep understanding of the contextual dynamics preserving the customer’s current routine and keeping things in stasis, as well as a large enough vision to see how these dynamics can

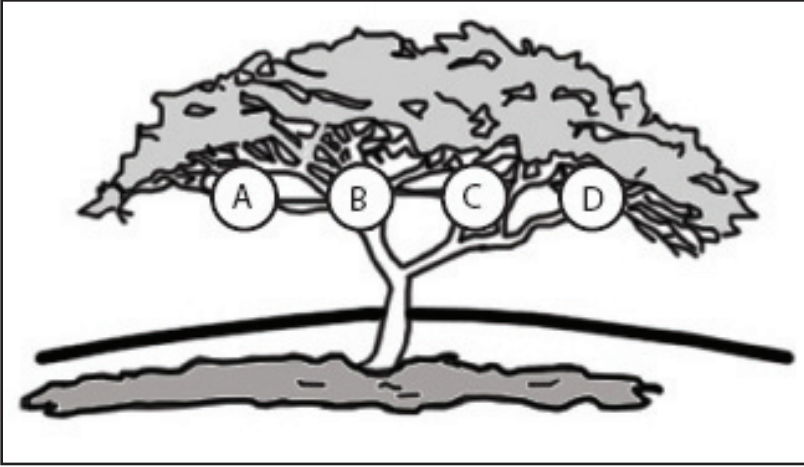
be altered or improved. People generally do not change unless their level of dissatisfaction is great and the risk of change is so low because the alternative has clearly demonstrated benefits that people have already realized. In some cases, change is forced upon people whether they want it or not. Even when change is imposed upon people, resistance is reduced when there are clear benefits.

Why do people find change so difficult and where does the resistance come from? Psychological and sociological factors influence people's reaction to innovation but, generally speaking, people resist change and defend the status quo to maintain equilibrium and stability and avoid chaos and disruption, especially when the status quo has been good to them. Innovation always initiates change, the consequences of change are usually uncertain, and uncertainty breeds fear. This fear of change creates barriers to the acceptance and adoption of innovation.

What makes change difficult? Psychologist John Bowlby's (1969) developmental pathway theory provides an appropriate and easy-to-understand metaphor for describing why change is so difficult over time.² Bowlby theorized that as we go through life and make "choices," or are pushed in particular directions, we all end up taking different paths. The metaphor he used was the growth of a tree.

A tree starts out with a trunk. Over time, as the limbs and branches grow and diverge, they are farther and farther apart from the trunk. The limbs and branches that grow away from the trunk of the tree are similar to people's experiences on different paths. For example, if a person's experience takes him or her down path A, and circumstances force the person to make a change, it would be easier to shift to path B versus Paths C or D because of the distance he or she must traverse. Furthermore, change in general becomes more difficult over time because of the shift in direction that is required and the increased distance that needs to be traversed. Eventually, the branches and limbs grow outward and apart from the trunk, becoming stronger, harder, thicker, and less flexible.

By analogy, this natural process of growth in human experi-



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 Figure 1.1

ence creates the status quo and a seeming inability to change. As we age, change is harder and harder to embrace, especially radical, disruptive change because of the effort it takes to change in a significant way (e.g., distance to traverse). Most people have established ingrained habits and routines. Change is accepted reluctantly and people prefer not to be disrupted or surprised with new circumstances. How often do we cling to certain ways of doing things and continue to use the same products and services (e.g., cereal, toothpaste)?

Surmounting the Status Quo through Complementary Innovation

By understanding the psychology of human behavior, it is possible to create innovative offerings that customers go wild for and that differentiate you from the competition. We call this type of innovation **complementary innovation**. The term complementary is defined as “to make complete or perfect” or, perhaps, bringing together things in a way that creates value that adds up to more than the sum of its parts. **Complemen-**

tary innovation focuses on the design of a superior customer experience between customers and the offering. The design also takes into account the socio-cultural context in which the experience takes place. Peter Mayle, author of *French Lessons*, captured the essence of a **complementary innovation** experience when he described a dining experience in France: “It wasn’t only because of what I had eaten, although that had been incomparably better than anything I’d eaten before. It was the total experience: the elegance of the table setting, the ritual of opening and tasting the wine, the unobtrusive efficiency of the waiters and their attention to detail, arranging the plates just so, whisking up bread crumbs from the tablecloth. For me, it had been a special occasion.” (1991).³

Complementary innovation assesses a broad set of factors that affect whether customers will change or not. People’s willingness to change requires them to be sufficiently dissatisfied with the current solutions, be supported and encouraged to change, and have a sufficient vision of what the change will be like. Getting a vision of what an alternative solution is clearer with direct experience. Deciding where to push, when, and how hard, is critical. Determining how much change customers can bear can be a gauge of whether innovations will be accepted and adopted. Figure out what is not working now, look at what is available and only develop what is missing. The goal is to introduce change in a way that minimizes resistance to acceptance. Excitement is created by providing customers with what they could not even envision was possible.

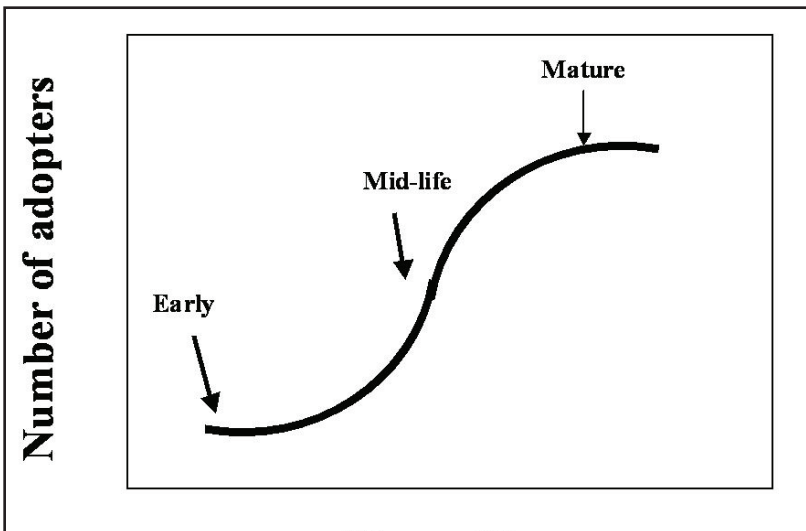
Timing of Change in the Innovation Life Cycle

Anyone introducing an innovation is challenged to understand what phase in the innovation life cycle current solutions will be found. Everett Rogers’s diffusion theory describes how new ideas, such as products and services, are adopted over time.⁴ Diffusion is a social communication phenomenon that occurs when a new idea spreads from one person to the next in a consistent,

predictable pattern that resembles an S-shaped curve.

The S-curve represents the cumulative number of adopters over time (see Figure 1.2). Early in the diffusion process, few individuals are willing to accept and adopt a new idea. Gradually, the rate of adoption accelerates until all, or almost all, individuals of a social group have adopted the new idea or innovation, which represents the end of the adoption cycle of that particular idea.

Over time, three specific phases of the innovation life cycle should be assessed: the initial phase, when the S-curve has matured, and the transition to a new S-curve. In all three cases, customers' experiences are compared, and the comparison serves as a foundation for how the new complementary offering will be designed.



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Figure 1.2 – S-Curve

Conquering the initial hump

After a new idea has turned into a real offering, the first challenge is to attract people to the idea. In his 1995 book, *Inside the Tornado*, G.A. Moore theorizes that a chasm exists between the first two adoption groups (innovators/technology enthusiasts and early adopters/visionaries) and the three later adopter categories (early majority/pragmatists, late majority/conservatives, and laggards/skeptics).⁵ This chasm exists because, once the initial groups of adopters have bought into the idea, the challenge is to encourage enough people to jump on the bandwagon of a new idea or product to pull it through the middle of the idea's life cycle, where momentum carries the adoption to maturity (see Figure 1.3). The goal is to create a contagious, almost infectious, desire for the offering, by reducing resistance and creating attraction or resonance toward the offering because it meets each individual's unique needs so that they are willing to take risks and abandon the status quo. So-called "must-have" offerings generate enough cultural energy or pent up demand to reach the point where a critical mass of customers clamors to adopt the change rather than resist it.

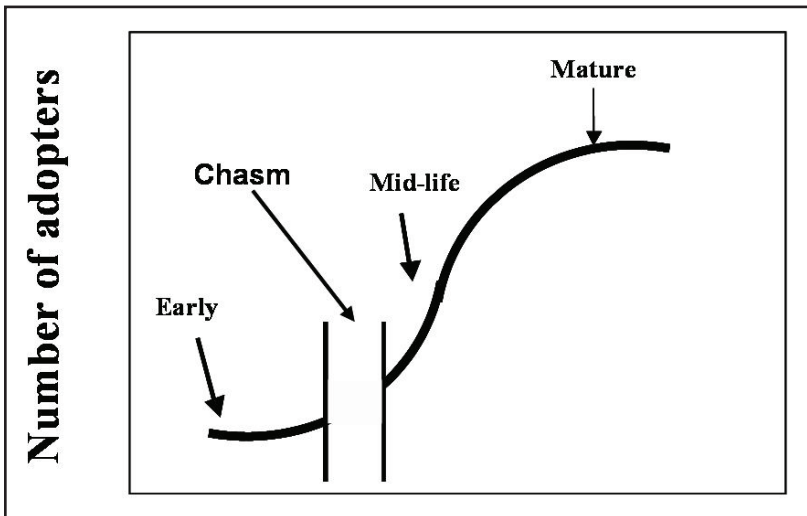
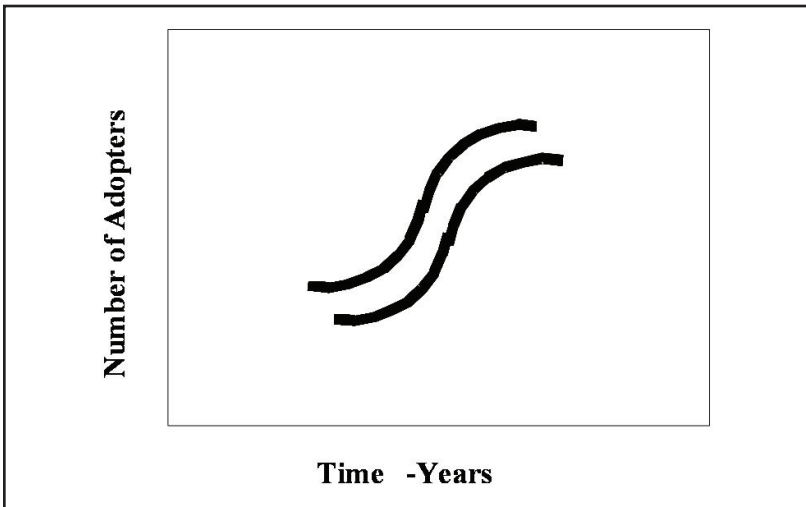


Figure 1.3—Chasm with an S-Curve

Layering and Enriching New Experiences on an Existing Maturing S-Curve

The second challenge, while the idea matures, is to differentiate the offering and maintain profit margins, which becomes difficult with increased competition. This leads to a saturated market where there is fierce, cutthroat competition for established customers, which Kim and Mauborgne (2005) refer to as a red (bloody) ocean.⁶ So, how do companies build on past successes and gently challenge the status quo for established customers while also attracting new customers? We call this layering and enriching, whereby the company creates a new experience on an existing base (see Figure 1.4). The goal is to identify and create new experiences that tap the sweet spot between unchanging and changing, old and new, stasis and revolution, and attract customers who will perceive the offering as new. This approach is a two-for-one deal. Attract “early adopters” of the enriched approach who are actually new customers, while at the same time energizing and exciting established customers with the new experience.



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Figure 1.4– Layering and Enriching S-Curve

Transitioning to the Next S-Curve

A third challenge to be resolved is how to reduce disruption and disequilibrium in the transition between S-curves to attract various types of people to the new idea as quickly as possible. Leverage enough of the current S-curve so that customers can anchor themselves in familiarity while at the same time creating a solution that customers perceive as new, exciting, and superior. Is it possible to push the new S-curve close enough to the current S-curve so that the gap is reduced and a bridge is available to cross? Yes. We call this third challenge “crossing the deep, dark, and echoing abyss,” because of the difficulty in layering the customer experience in multiple, overlapping S-curves that can bridge the chasm (see Figure 1.5).

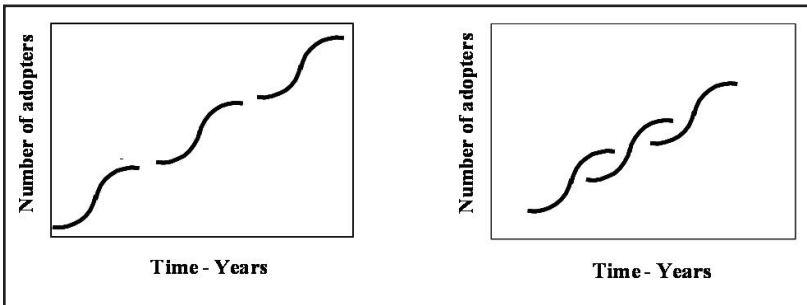


Figure 1.5—Abyss between S-Curves

An innovation mindset takes into account the psychological mechanisms that create resistance to change and the desire to preserve the status quo, as well as to proactively use the psychological knowledge to design customer experiences that actually generate customer energy to pursue and accept/adapt innovation. For example, in a mature market, a company should recognize the psychological barriers and avoid fighting it out with competitors for current customers. Instead, pursue new customers who are not bound by the status quo. Design a customer experience that leverages current company capabilities while customizing it for those new customers. Simultaneously,

identify other companies that might resist and be actively hostile to its entry. Find ways of creating complementary relationships wherein everyone benefits.⁷ By looking at the psychology of resistance, and pursuing a *complementary innovation strategy*, companies increase the likelihood of success and the adoption of their innovative offering.

Manager Key Takeaways

Fighting the status quo requires battling the inertia created by time and experience. The battle is fierce because the status quo infects and infiltrates the hearts and minds of the individuals who reside in companies as well as their customers. Individuals in companies who have been successful under the current organizational order will defend the status quo to protect their interests and maintain their level of comfort. Customers resist change because they are comfortable with the current way of doing things. Managers need to take a step back and create an environment that encourages the generation of new and original ideas. Brainstorming and creativity activities are only successful if people are encouraged to go beyond the current state of affairs. There are many books on creativity, and the point of all of them is to exercise the mind to avoid falling into a rut: reverse, subtract, add, multiply, eliminate, force random connections, use analogies and metaphors, do more of, or start doing, do less of, or stop doing, combining, do differently, and throw out assumptions. Stop making excuses, start exercising your mind, and don't quit! Always, deliberately do mental calisthenics to continue to stretch your mind so that you don't fall into complacency and become part of the status quo. Five perspectives to take when fighting the status quo:

- **Leverage the Beginner's Mind:** The Power of Naiveté: Force yourself to consider the possibilities from the perspective of someone who is not wedded to the current order of things. Engage people with beginner's minds who can view the world without all of the baggage and ask, "Why can't we do it differently?"

- **Mix it Up:** Use the power of diversity of thought when creating teams to solve problems. Gerard Kleisterlee, CEO of Philips Electronics, noted in a 2004 industry speech: “Overall, I think we need to employ more anthropologists and fewer technologists.”⁸ When developing a new product, companies too often focus on technological performance, functionality, and manufacturing constraints, without paying enough attention to how the product will actually perform in the customer’s hands. Jim Wicks, chief designer for Motorola, has a design staff that goes far beyond typical engineering, including sociologists, psychologists, musicologists, graphic designers, and color experts. Why? Because he believes a full understanding of the human being interacting with Motorola’s products will yield more intelligent, user-friendly product designs.⁹ Regardless of the industry or the nature of your offering (whether product, service, or technical in nature), mix it up and create diverse groups of smart people who are able to think beyond the status quo.
- **Be a Stranger in a Strange Land:** View the world outside of the current context and current reality like an alien might: Find out how other smart people have solved a similar problem elsewhere. If you focus on your competitors and only talk about the issues with yourself, chances are you will come up with incremental improvements and solutions. By seeking inspiration from outside of the current context, it is possible to identify potential solutions that you would not have thought of. Look to nature. Look to other cultures. Look to other industries. Look to new people in the organization. Look to people who could be new customers.
- **Empty the Old Box Before you Think Outside of it:** Foster an environment of patience and diligence so that people generate a truly diverse set of ideas from brainstorming activities. This requires using methods to solicit ideas from different types of people (e.g., intro-

verts/extroverts, varied experience and expertise, etc.) and to discourage people from jumping on the first good idea. The initial ideas generated tend to be incremental and less creative because they are usually based on the status quo and current assumptions. New ideas are generated after all the old ideas are emptied from people's minds and there is time to create new connections. Give people the opportunity to bounce ideas off of each other so that the ideas can be built upon.

- **What If and Why Not?** Test assumptions and preconceived expectations: Implicit and explicit assumptions greatly influence the status quo. Over time, we view the world through a filter of assumptions and expectations. The challenge is to explicitly question those expectations and assumptions, and then manipulate them to create new potential futures and scenarios. Encourage people to make their assumptions explicit to create a shared understanding. Then, manipulate the assumptions to see how the world could be. Ask yourself: What would be possible if new assumptions were put in place or if old assumptions were changed or thrown out?

Keep in mind these fresh perspectives so you can avoid being entangled in the status quo even as you read this book. Niccolo Machiavelli said: "...there is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things. Because the innovator has for enemies all those who have done well under the old conditions, and lukewarm defenders in those who may do well under the new." However, if you don't take on the challenge of fighting against the old order of things and innovating, you risk failure. Sir Francis Bacon warned, "He that will not apply new remedies can expect new evils, for time is the greatest innovator."