

Preface 2nd Edition

Since the first edition of the book was published five years ago, the world has gone through a metamorphic transformation. The global financial crisis has led to a fundamental re-assessment of conventional business practices. Emerging economies have taken center-stage. The pace of technological innovation continues unabated. The “Millennial” generation has come of age and is entering the workforce. Collectively, these forces have propelled us towards a new, dynamic era. The only certainty today is that the future will be different from the past.

We believe this transformation is not just a cyclical phenomenon, but rather a fundamental sea change. We live in an inter-dependent world where revision-triggers come fast and furious, from many different, often unexpected, sources. The capacity to dynamically adapt to new realities is a critical success factor and a major source of competitive advantage. How do we dynamically adapt when we don’t have the luxury of time and resources to predict and plan?

This situation presents a dilemma; although the game is changing, from predictable stability to dynamic fluidity, we continue to rely on the old rules to play this new game. We suggest that today knowledge workers need a different toolkit to harness uncertainty and to thrive on dynamic adaptation. It is imperative to use diagnostic frameworks to help us assess situations on the fly and devise appropriate solutions “*in situ*”.

This second edition is, in essence, a distillation and synthesis of diagnostic frameworks and core principles that can help knowledge workers interpret unfolding situations, create shared reality and develop a common vocabulary among diverse stakeholders. Instead of relying on complex approaches and outside experts, analogous to performing “open-heart surgery”, we hope to equip a new generation of “enterprise cardiologists”, knowledge workers who can make just-in-time interventions and devise practical solutions on the fly. They are close to action and in the best position to figure out what makes sense. What they need are shared diagnostic tools that can help them think through, categorize and interpret dynamic realities in a complex world.

Since the book was first published, we have had the opportunity to teach these frameworks at business seminars to a cross-section of knowledge workers in different parts of the world. The goal of many of these forums has been to bring together leaders from different functions so they can cross-pollinate and develop a sense of shared reality. Yet, despite all the talk about cross-functional teamwork, we are struck by how rigid our silos are and how firmly our views are anchored in our core disciplines. We talk about the importance of cross-silo teamwork, but we rarely walk the talk. Therefore a second key driver for this new edition is to present a ‘general management’, cross-disciplinary approach to enterprise adaptation. We discuss

strategy, but we also focus on execution. We talk about organizational design, and also reflect on leadership practices. Our assumption is that in a dynamic world, leaders at all levels, have to constantly switch gears, wear different hats, and navigate at different altitudes. They have to think about the “total” enterprise, not in terms of compartmentalized silos or fields of functional expertise. Much like a general contractor, they have to draw on specialized expertise, as and when needed, yet keep the big picture in mind. Our hope is that our diagnostic tools can help teams develop a shared frame of reference and generate cross-functional dialogue.

The third driving force behind this second edition is the gradual convergence between the worlds of entrepreneurial start-ups and challenges facing established corporations. Innovation, agility, and initiative are no longer the exclusive preserve of start-ups. Established companies are looking for ways to re-invent themselves, to innovate, to think creatively, and to make their enterprises more flexible, agile and entrepreneurial. We have had the good fortune to sit at the intersection of these two worlds. We hope our ideas can benefit both groups. We set out to provide a “buffet table”, a menu of options that can be helpful for the two ends of the spectrum.

Finally, we try to bridge the gap between the worlds of academic, research-based scholarship, and its practical application. Many knowledge workers we come across are interested in the theoretical foundations of practical ideas. In this revised edition, we set out to pull together seminal contributions from different scholars across a wide range of disciplines, as can be seen from the extended conceptual analysis in chapter 2.

We have been fortunate to test-drive the ideas with our graduate students at Homa’s “Global Organizational Innovation” class at Berkeley and at Stuart’s “Innovation & Entrepreneurship” class at Carnegie Mellon’s Silicon Valley campus. In addition, we have discussed the ideas in many executive seminars and in-company programs. Our students and executive audiences have challenged our views, questioned our assumptions, improved our ideas, and shown us how to apply the frameworks to diagnose real-time challenges. We have learned a great deal in the process, and are grateful for their input, contributions, and refinements.

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