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Compass: Pay Attention! To What?

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“Predictions are really difficult, especially about the future”—Yogi Berra.

How many times have you heard the term “uncertainty” in the last year? We preach about the importance of **corporate agility** precisely because the future is so uncertain, and virtually unpredictable.

Just think about how many “experts,” pundits, and industry analysts didn’t foresee the economic implosion of 2008 or the failures of “rock-solid” firms like Lehman Brothers, Merrill Lynch, and General Motors (among many others).

We’ve all heard about the importance of having an explicit business strategy and an aligned, engaged organization fully capable of implementing your vision, but what good are well-defined goals when you are (metaphorically speaking), in a windowless car hurtling through a dark night with no compass, no x-ray vision, and no sense of the outside geography? It’s way too easy these days to be blind-sided by completely unexpected events or unknown competitors.

That’s why we’ve become enamored recently of the idea of **peripheral vision**—the ability to pay attention to trends and patterns in your environment that are outside your core focus but that *might* affect you sometime in the future.

The challenge, in our humble opinion, is staying aware of the “weak signals” at the far edges of your world without being totally distracted by them (see [“How to Make Sense of Weak Signals”](#) by Paul Shoemaker and George S. Day, *Sloan Management Review*, April, 2009, for an insightful discussion of weak signals and how to interpret them).

Fifteen years ago, in their classic book [Competing for the Future](#), Gary Hamel and C.K. Prahalad asserted that most senior executives do an absolutely abysmal job of paying attention to either the external environment or the future. They reported asking executives three critical questions (*Competing for the Future*, p.3):

1. What percentage of your time is spent on external, rather than internal issues?
2. Of this time you spend looking outwards, how much do you spend thinking about how the world could be different five or ten years from now?
3. Of the time you spend looking outward *and* forward, how much of is spend in consultation with your colleagues, building a deeply shared view of the future?

It turns out that the typical executive spends about 40% of his or her time paying attention to the external environment; of that time, less than 30% is focused on the future, and no more than 20% is spent exploring those issues in collaboration with other executives. In other words,

senior managers typically spend a total of about 3% (40% x 30% x 20%) of their time developing a shared view of the future of their business environment.

The real difficulty with seeing the weak signals—with recognizing those tiny movements in your peripheral vision—is that most of us have very strong preconceived notions of what’s important, and “how things work.” It is almost impossible to see the unexpected, to perceive patterns that we “know” can’t happen (see the [literature on “paradigm shifts”](#) for examples of how most people literally cannot perceive things that are outside their dominant world view).

Harvard Business School Professor Clayton Christensen wrote [The Innovator’s Dilemma](#) way back in 1997. In it he reported that in virtually every case where a radical shift in technology changed a product’s capability or cost structure the companies that had dominated the industry were overtaken by new competitors who become the new market leaders. Christensen’s primary example was the computer hard disk manufacturing industry. Each technology revolution—from five-inch disks to three-inch disks to one-inch disks to the solid state “flash drives” used today in digital cameras and USB “thumb drives”—led to a new company becoming the market share leader. The deposed industry leaders didn’t see the innovations coming because they were completely outside their “vision”—and they were incapable of reacting quickly enough to survive.

Peripheral vision and making sense of weak signals is essential for survival today, yet seems almost impossible to achieve. What can you do to remain aware of what *might* happen to your business without being completely distracted by the diverse possibilities and losing that all-important focus on your core business?

And peripheral vision is not just about technology breakthroughs or the emergence of new international competitors like China and India. As we suggested in our feature article this month (“[The Dismal Science Dives into the Dismal Swamp](#)”) the basic rules about how economic value is created have changed. If you’re not tracking how the economy works these days, you are in that dismal swamp way over your head.

But the difficulty is that you’ve got to pay attention to an incredible array of trends, discontinuities, and outright surprises. [Roch Parayre](#) of [Decision Sciences International](#) and [The Wharton School](#) suggests that there are at least five domains you have to stay very well-informed about:

- Social
- Technological
- Economic
- Environmental
- Political

But the really important challenge is how to pay attention to the signals (both strong and weak) in all those different domains—and how to sort out the important stuff from the “noise.” We’ll discuss some techniques for doing just that in more detail in future articles, but for now, think about these very different but highly complementary approaches:

- Value the periphery; listen to the rebels inside and outside your organization.
- Ask the right questions (ignoring for the moment how to know the “right” questions)

- Challenge everything, especially your assumptions.
- Build an inquisitive, open culture; encourage individual and group creativity.
- Foster and reward healthy debate and even conflict within the organization.
- Sponsor experiments, especially in areas you know little about.
- Build advisory boards of outside experts in each domain; listen to them regularly
- Hold periodic executive conferences deliberately focused on “irrelevant” topics.
- Include outsiders in those conferences who clearly disagree with your dominant perspectives on your industry and the world at large

Roch Parayre likes to point out that fully 95% of the rod cells in the human eye are devoted to peripheral vision; the cone cells used in focal vision constitute only 5% of the eye’s capacity (from a speech delivered to the [Greater Philadelphia Leadership Exchange](#) in September 2009). That’s an incredibly powerful observation well worth remembering every time you tell your employees to “stick to their knitting” and ignore “distractions” that take their “eyes off the prize.”

We believe that this idea of peripheral vision is so important that we are going to shift our own focus and pay much more attention to the “weak signals” that foretell change in the workplace and the workforce. After all, isn’t that what futurists do?

[Please also send your comments directly to us.](#) We look forward to learning from you.

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