The Truth about Breakthrough Strategies

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BY KEN FAVARO
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Ford, Apple, Netflix, Starbucks, and Google struck gold with these breakthrough strategies, and changed the game in their respective industries.

- Offer a standard, mass-produced automobile for consumers
- Rent movies through a monthly, direct mail subscription service
- Create a “third place” between office and home to enjoy high-quality coffee drinks
- Organize the world’s information and make it universally accessible and useful

Although each strategy is distinctive, they share a few common characteristics that tell us how breakthrough strategies really come to be.

First, they start with flashes of insight prompted by working on big problems. For example, Henry Ford had the idea to move the cars, not workers, down an assembly line, while struggling with how to make the automobile more affordable. Netflix founder Reed Hastings asked himself, “Why can’t you sell movies like Amazon sells books?” while fuming over the fees he had incurred from his late return of *Apollo 13* to Blockbuster.

But where do such novel ideas actually come from? Is it from the muses, as the ancient Greeks would have thought? Is it from genius? Is it from the creative side of one’s brain, as Roger Sperry, winner of the 1981 Nobel Prize for his left brain/right brain research, might have said? Or is it from a brainstorming session in a tricked-out conference room with creativity-enhancing furniture, colors, and lighting?

In fact, research tells us that innovative strategies are sparked by “precedents” from unexpected places that seem to offer at least a partial solution to the challenge you have in mind. For example, before they founded Google, Larry Page and Sergey Brin were working on how to make the Web more useful for e-commerce. But Page was also working on the Stanford Digital Libraries Project, and realized that you could rank Web pages the way scholars are ranked by their annual number of citations. Howard Schultz was noodling on how to raise people’s demand for high-quality coffee when he was inspired by observing Italians from all walks of life enjoying espresso at their local watering holes. Ford’s idea for the moving assembly line originated in meatpacking plants, where butchers disassembled carcasses moving past them along an overhead trolley.

Then things get really fascinating, because breakthrough strategies always involve “creative combination.” For example, to help make the Macintosh a digital hub for consumers, Jobs created the iPod by combining visual cues from Braun’s T3 pocket radio; a
then a roasting and packing business, when he was sent to Italy to scout out the equipment used there for roasting and grinding coffee. Upon his return, he shared his idea—to create an Italian-style espresso bar that would drive demand for Starbucks's high-quality coffee—with the founders, who promptly turned him down. So he quit to start his own business. Then, when the founders decided to sell, Schultz bought the company, and the rest is history.

So what does all this tell us about breakthrough strategies? They rarely come from the typical strategic planning effort. Nor do they typically result from the common practice of generating and evaluating strategic options. And they certainly aren’t inspired in a traditional board offsite, executive retreat, or brainstorming session. Instead, they start with individuals working on big, specific challenges who find novel ideas in unexpected places, creatively combine them into innovative strategies, and personally take those strategies to fruition—against all odds.

Of course, breakthrough strategies like these—that shape or redefine their industries—are rare. In your everyday life, you are more likely to encounter the fashionable strategies that come in and out of vogue: strategies that transcend any one company, industry, and region with their broad reach and popularity. In this, my last post of 2014, I’m bringing back s+b’s strategy of the year, to find out which strategy you feel was the “it” strategy of the last 12 months. Last year, “big data” was the winner. What will it be this time? Scroll down to the comments and tell us what you think—we’ll be back in January with the results.