

DOING BOTH: **Is it possible to run a company efficiently while trying to reinvent it at the same time?**



Creating a new business and optimizing an already existing one are two fundamentally different management challenges. The real problem for leaders is doing both, simultaneously. How do you meet the performance requirements of the existing business--one that is still thriving--while dramatically reinventing it? How do you envision a change in your current business model before a crisis forces you to abandon it?

Here's a simple and proven method for allocating your organization's energy, time, and resources--in balanced measure--across what innovation experts call "the three boxes:"

Box 1: The present--Manage the core business at peak profitability;

Box 2: The past--Abandon ideas, practices, and attitudes that could inhibit innovation;

Box 3: The future--Convert breakthrough ideas into new products and businesses.

The three-box framework makes leading innovation easier because it gives leaders a

simple vocabulary and set of tools for managing and measuring these different sets of behaviors and activities across all levels of the organization.

Surprisingly, the Hindu religion provides a template that helps us understand the power of different priorities at various stages.

Lord Vishnu, the God of Preservation, is box one: manage [the present]. That means you've got to improve the efficiency of your current business, the way it is constructed today. Lord Shiva, the God of Destruction, is box two: destroy the past. You have to abandon some of the mindsets and practices from the past. And then there is Lord Brahma, the God of Creation; that is box three.

Box two is about forgetting; box three is about creating. Box three is about learning; box two is about unlearning. If you cannot forget, you cannot learn, yet organizations find it extraordinarily difficult to forget. Box two is about forgetting; box three is about creating. Box three is about learning; box two is about unlearning. If you cannot forget, you cannot learn, yet organizations find it extraordinarily difficult to forget.

DOING BOTH: You must always be creating your next 'box three.' Lord Brahma stirs the imagination.

It is hard for a lot of companies to look to the future when the level of success they are having in the present is so good. Many Nebraska businesses are so worried about keeping their current level of success going that they don't think about the next five to 10 years. The problem is that it's all so abstract when you contemplate the future.

The fact is the future is now.

The key to staying with the three box system is to create a dedicated team that has some separation from the box-one performance engine and is connected to the mothership. Forgetting is a challenge for box one. but creating a dedicated innovation team is a way you let them invent their own rules, without getting bogged down by the rules in box one.

It's helpful to look at an industry or company that has struggled with the three-box solution, for instance, the publishing industry. The New York Times has succeeded in using the three box system to launch a parallel company in the digital realm - but most have failed.

Here's why the three-box solution is hard. The publishing industry had an analog model. In the analog model, which is the printed medium, the margins are very high and the revenue is

earned either through subscriptions or advertising or both. When the market moves to digital, suddenly from analog dollars you are making digital pennies, and you don't even know how to monetize it, and digital has the potential to cannibalize the analog model. That is why it is very important to create a dedicated team in the analog business. Otherwise, it would crush the digital business. The New York Times did a great job.

They created a dedicated team for New York Times Digital, but the dedicated team was connected to the mothership because it borrowed The New York Times brand name as well as the content.

If you have this hybrid organizational model where you create a dedicated team and the dedicated team is separate from the box-one performance engine, even in the publishing industry you can survive.

If a company does something smart, because of digital technologies, it will become transparent to the rest of the world. Therefore, it is very easy for someone else to imitate what you do. That is why you have to do the next box three. Otherwise, somebody else will copy what you are doing. In fact, the three-box solution has become even more important because the rate of change and the rate of imitation are very high these days.

