www.peterhinssen.com
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I DEDICATE THIS BOOK TO:

My partners in crime, over the years.
Everyone I've worked with, had the pleasure to collaborate with, to think, to laugh, to work, to be amazed, to dream.

Patrick, who gave me my first period of work experience.

Luc, who taught me how to pitch.

All the e-COM coworkers, the craziest bunch of people I have ever worked with. I miss you guys.

All the StreamCase collaborators, for being the most awesome pioneers.

All the Porthus employees, the most professional group of engineers and professionals I have ever worked with.

All the Across consultants and staff, for providing a warm haven and for creating some wonderful experiences for our customers.

All the crazy, awesome nexxworkers, for sharing the dream, and rowing against the stream.

All the amazing people at the London Business School that I've had the pleasure to work with over the years, and the amazing sessions we've created together.

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Rik, Annick, Steven and Nancy, for being the best partners anyone could ever dream of.

THE DAY

HOW TO SURVIVE IN TIMES OF RADICAL INNOVATION

AFTER
TOMORROW

PETER HINSSEN

nexxworks

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INTRODUCTION: WHY I WROTE THIS BOOK

My grandfather was an entrepreneur. During the Second World War, he raised a family in the Netherlands, where he endured five long years of German occupation. Especially the final winter, known as the 'Hunger Winter', was incredibly tough on the young family, as blockades cut off food and fuel shipments from farm areas, and millions of Dutch people had to survive on food kitchens.

After the war, my grandfather – who was mechanically extremely gifted – started a firm repairing failing equipment for farmers who had been unable to invest in their tractors and harvesters during the war. Soon he realized that Belgian farmers had suffered less than the Dutch ones and he moved his entire family to the neighboring country to start his business.

In true entrepreneurial spirit, he expanded into a wide variety of endeavors. He started a garage, sold tractors, built sheds and storage facilities, and launched a bus company that organized tours around Europe. One of his killer ideas was organizing inspiration tours to the holy city of Lourdes, taking busloads of Catholics on a journey to a remote village in the Pyrenean mountains, where the holy mother had apparently once materialized in front of Bernadette Soubirous. It was a goldmine.

His son, my father, was the brainy kid in a family of five children. The designated 'nerd', he was put in charge of father's business accounting when he was only 14, because he had a real knack for mathematics. That's when my father started to realize that my grandfather was constantly on the brink of bankruptcy. He noticed the serious cash flow issues, and knew that the repo-man could seize the family house and its assets any day. It never happened, the business of my grandfather pulled through in the end, but it left an emotional scar on my father. He swore he would never do anything that would put his family in

financial danger, and vowed he would never take such foolish entrepreneurial risks. When he graduated as an engineer, he started a safe corporate career at Exxon where he worked his entire life.

Growing up, I remember my father coming home exhausted from meetings. As the years ticked by, I saw him become increasingly frustrated by bureaucracy and corporate politics. I listened as he told discouraging tales about an insane amount of incompetence and inefficiency in such a large, red-tape organization.

That's when I swore I would never, ever, work in a large corporation.

"We all turn into our parents someday." That's what they say (although I've never quite figured out who the 'they' are). Well I, for one, didn't. I turned into my grandparent and became an entrepreneur. My entire career has been centered on the startup life. Ever since I was a little boy, growing up in a world where technology was rapidly becoming commonplace, I knew I wanted to start things up myself. I dreamt of creating my own companies, and of building new exciting opportunities.

So. A life of startups it has been. I've had the extreme pleasure to be the founder of three technology startups early on in my career. And they were nothing like the hip, exciting and glamorous tales of entrepreneurship some will have you believe. Oh, there was excitement, and lots of it, but not the 'safe' kind that is offered by a rollercoaster ride or bungee jumping.

It was more the ominous kind, like when a 6,000 kg African bush elephant charges at you at 40 km per hour and there's no way of telling if he will crush you or just scare you off. Startups are hard. And scary. Very scary.

But I loved every minute of building them. These three pure adrenaline experiences made me into what I am today. They also left me with four big questions that I have been chasing ever since, and which eventually led to me to writing this book, trying to answer them.

KNOCK IT OFF, KID

The first big question was triggered by my 'drug addiction' and the almost simultaneous birth of the web and my first startup. Bear with me, it's (probably) not what you think.

Before I became an entrepreneur, I worked at Alcatel[1], because I realized that I did not yet have the maturity and practical experience to start up on my own when I just graduated. I liked my job very much. I learned a lot about ADSL and bandwidth and we were one of the first to work on Video On Demand, about 15 years before the concept was popularized by Netflix.

One day, I received a call from a university friend. He told me they had the first web browser up and running at my alma mater and that I just had to *see* it. So I did. But I did not see it. I did not understand the magic of the Web. My friend

was completely ecstatic about using the new browser to connect to a web server somewhere in Chicago to check out the weather report there. Yet I recall driving home late that night thinking: "Why the hell would I want to know about the weather tomorrow in Chicago?".

But somehow, commuting to work over the next couple of weeks and trying to get my head around the concept of a potential global communications platform, I got hooked. The virus had spread from my overly excited university friend to me and I started dabbling with browsers, servers and building my own websites. At first, to comprehend the ins and outs of the technology, which was clearly still in its infancy. But then I started to build websites for friends and then for organizations. What started as a hobby became a small business, and soon I was building websites several hours per day in addition to my day job. I became exhausted, but I couldn't stop.

And then, one morning, my boss called me into his office to ask me if I "was on drugs", thinking that might be the explanation why I looked so scruffy and tired. When I passionately tried to explain him about the World Wide Web and how I had started building websites, he told me this: "You know this World Wide Web thing is kid's stuff right? It's foolish, and it will never amount to anything. Knock it off, kid." I was so flabbergasted that I quit my job that same afternoon after my girlfriend (now my wife) told me "If you think you're right, then you should quit, and follow your dreams."

And I just did that. I took a chance on the foolish 'kid's stuff', and I never looked back. But my boss's reaction at Alcatel is also how I got to Big Question #1. I became fascinated by the fact that this large organization was biased towards making bets on the old, rather than making big bets on the new.

Big Question #1:

"Why is it almost impossible for large organizations to spot new and radical technologies quickly, and develop their potential? What explains this organizational blindness to new opportunities?"

My first startup was a company that built large-scale intranets. We developed a platform that allowed companies to use web technology inside their organizations to communicate, share documents and collaborate. We contrived a version of Microsoft SharePoint years before Microsoft did. And it was fantastic.

In the space of just four years, the company grew to about 200 people: working in perfect harmony, building amazing products, and serving customers around the world who were doing stunning things with our products. The startup had no structure at all and very little hierarchy, but this beautiful, fertile chaos worked perfectly. It was bliss.

And then we sold the company. To Alcatel, my first and only employer, where my boss thought that the World Wide Web was pure foolishness. Oh, the irony. In hindsight, it was a disaster. I should have known this would not work but, at the time, it made perfect sense in my mind. They had the global sales and distribution channels and access to the Fortune 1000, and we had a great team and a great product. But somehow, the combination did not work. At all. And the reason was organizational culture.

I was amazed at how hungry Alcatel had been to acquire us, how they had spared no expense to woo and obtain us. Yet the moment our 'honeymoon' was over, I was even more bewildered at how quickly the corporate reflexes and bureaucratic DNA had made our fertile, anarchistic startup life a living hell.

The sad pinnacle of this dissonant acquisition tale was me being fired over a tiff that had gotten completely out of hand: I threw a corporate controller from the Paris branch out of my office over a fight over the car policy. Not my proudest moment, but for me it was the final straw of six months of continual pointless discussions and frustrations over rules, procedures, policies and governance. I had been driven insane and had started to act like it.

After four years of working day and night developing my company, selling it, and for a full year trying my hardest to make it work inside a global corporation like Alcatel, shit had finally hit the fan. It was one of the strangest moments of my life. Having cleared out my desk, and carrying what was left of my dignity in a cardboard box, I was escorted out of the building by two security guards. And out I marched of the company that I had started myself, watched by scores of my employees, my friends in fact, as I left the building. Strange, eerie, bizarre and unnatural.

I will remember how I felt that moment for the rest of my life, but it also made me wonder about Big Question #2:

Big Question #2:
"Why are large corporations so eager to acquire new startups, and why are they capable of messing them up so profoundly in such a record time?"

When they fired me, the good people at Alcatel seemed terrified that I would just walk across the street and start over, 'stealing' away their best people in the process. So Alcatel had me sign a non-compete agreement that stipulated I would not be active in the IT, online, digital or telecom sector for an entire year. A year. That's a long time.

Faced with the prospect of spending an entire year in my backyard mowing the lawn, or learning how to grow petunias, I was rescued by a ringing telephone. McKinsey – the most iconic consultancy firm in the world – invited me to become an 'Entrepreneur in Residence': "You might learn something from us, we might learn something from you. Just spend the year with us as a guest. We'll put you in front of some of our toughest problems with our biggest customers in the field of digital, and you will be our special guest." It sounded like heaven to me after the previous match made in hell that my company's acquisition had turned out to be. I said "yes".

This was the almost magical period of the dot-com boom, when companies such as Yahoo, Amazon and Netscape were propelled into huge players overnight. McKinsey was flooded with questions from large global corporations to help them in their 'digital strategies'. But in March of 2000, the NASDAQ imploded, the dot-com bubble burst, and the whole fragile, nascent online industry collapsed.

Ironically, McKinsey never suffered. It was now being swamped with questions from large corporations about how to divest, in the quickest way possible, of their now toxic and dangerous online, digital and dot-com acquisitions, partnerships and developments.

I truly enjoyed my residency at McKinsey, where I had the pleasure to meet some of the smartest people on the planet, who were absolute virtuosos at the long-term strategy game. I also learned how difficult entrepreneurship and

innovative thinking was for their large corporation customers. How hard it was for them to understand what the strategic end-games were, and how to move their organizations accordingly.

I saw how companies could easily get 'hooked' on McKinsey, and become completely dependent on their outside guidance, like a crack cocaine addict continuously craving his next shot, unable to escape his isolated nightmare of an existence. OK, possibly less dark, but just as obsessed. This insight gave rise to my Big Question #3:

Big Question #3:

"How is it possible that large corporations – even when they understand their own challenges and the directions they need to take – are incapable of moving on their own, without external help and guidance?"

We've finally arrived at the most important reason why I wrote this book. For the past few years, I've had the pleasure to talk to audiences around the world about the fundamental changes in society that (will) occur as a result of technology. My corporate audiences tend to stare at me like reindeer into the headlights of an oncoming car. They seem unable to move, unable to adapt, act, or respond swiftly. It's tragic.

Even the people who *are* performing 'radical' innovation in large corporates tell me how relieved they are that I talk about the need to fundamentally address these challenges. I really feel for them, because they often are the most frustrated individuals who are constantly banging their heads against corporate inertia. Being a 'Day After Tomorrow' thinker in a large corporation is one of the loneliest jobs to have these days.

This deadly inability to move brings me to the final Big Question that I want to address in this book:

Big Question #4:

"How can corporates accelerate their 'Day After Tomorrow' thinking? Why do large organizations – that understand the fundamental challenges coming at them, because of disruptive technologies, business models or concepts – seem to be too paralyzed to move fast enough to respond? How can companies become agile in their 'Day After Tomorrow' thinking, and be successful in developing an approach that works?"

For me this is probably the Biggest Question. One that I hope to clarify and even help solve. I believe that companies *can* change. That they can learn how to spot the potential of new technologies, integrate startups without killing them, kick their addiction to consulting and learn how to accelerate their 'Day After Tomorrow' thinking. Because others did it before them. And, in the following pages, I will share how you can too.

Thanks for sticking with me so far. I sincerely hope you will enjoy reading this book as much as I enjoyed writing it.

Written on a KLM Flight from Amsterdam to San Francisco on a Boeing 787, listening to Brian Eno.

Endnote: You can find the extended version of this introduction - with (among other things) a brutally honest recount of the failure of my second startup - on www.peterhinssen.com.

THE BIG QUESTIONS

Big Question #1
"Why is it almost impossible for large organizations to spot new and radical technologies quickly, and develop their potential? What explains this organizational blindness to new opportunities?"

Big Question #2
"Why are large corporations so eager to acquire new startups, and why are they capable of messing them up so profoundly in such a record time?"

Big Question #3
"How is it possible that large corporations – even when they understand their own challenges and the directions they need to take – are incapable of moving on their own, without external help and guidance?"

Big Question #4
"How can corporates accelerate their 'Day After Tomorrow' thinking? Why do large organizations – that understand the fundamental challenges coming at them, because of disruptive technologies, business models or concepts – seem to be too paralyzed to move fast enough to respond? How can companies become agile in their 'Day After Tomorrow' thinking, and be successful in developing an approach that works?"

2

SURVIVING SPEED BY BEING RADICAL

The 'Day After Tomorrow' Model

NO LIMITS

This chapter explains the *model* behind the 'Day After Tomorrow'. In my humble opinion it's the simplest, easiest model in the business world today. Some might even call it naive. Those who have read my previous books might be surprised. They know that I like to use everything from Calculus Limits or thermodynamics to Algebraic Numeric Series just to prove a point.

Not this model. No Limits here. No Calculus, no Algebra. No scientific laws. This model is so simple, so 'common sense', that I can almost guarantee it will stick in your mind.

What is it about? Simply put, it will help you discover if you are prepared for a future that is coming sooner than ever before, and it will help you identify if you are spending enough time preparing for the advent of your 'Day After Tomorrow'.

For those of you disappointed by the fact that I'm not starting out with some extremely complex Daedalian set of mathematical equations (What? You might be out there!), I hope to comfort you with the prospect of learning how to draw killer diagrams that will help you shine bright in any boardroom discussion.

ARE WE GOING FASTER YET?

I absolutely love the rich and wonderful German language. I adore its capacity to make simple concepts sound thunderous and intense when you articulate them. Germans have a unique way of describing things: they combine words

into super-long constructs that seem grotesque yet strangely enticing. One of my favorite words of this type is 'EisenBahnScheinBewegung'.

'EisenBahn' means 'railway'. 'ScheinBewegung' are false moves, typically performed by soccer players trying to trick other players into thinking they will head in a certain direction while they engage in a completely opposite maneuver. They literally put the others on the 'wrong' foot.

When you glue both words together you get 'EisenBahnScheinBewegung' which describes the false feeling of movement that catches you when you sit in a stationary train at a station and see the train next to you start moving. Your brain is tricked into thinking that *you* are moving, and that the actual moving train is standing still in the station. Why the Germans would find a need for such a word is beyond me.[1]

I love how 'EisenBahnScheinBewegung' conjures up the dilemma of how companies are trying to understand how the world is moving, how their competitors are advancing, and how sometimes they are tricked into believing that they are moving fast enough.

I believe that our 'Day After Tomorrow' is accelerating, hurtling towards us at ever greater speed. I believe we need to advance, become agile and speed up our innovation processes in order to be sufficiently swift and responsive to cope with this. When it comes to innovation, 'EisenBahnScheinBewegung' might the most dangerous word in the world.

THE GREAT ACCELERATION OR THE FALSE PERCEPTION OF SPEED?

But are we really going faster? Is innovation speeding up in society? There are plenty of people out there who will tell you that the world is *not* moving faster now than it has been throughout the course of history. Not Klaus Schwab though.

Klaus Schwab is one very smart man. Since 1971, he has been founder and Chairman of the World Economic Forum, an international not-for-profit foundation for public-private cooperation that is "committed to improving the state of the world". Its yearly meeting of great minds in the Swiss Alps, in Davos, has become the absolute must-attend winter event of the year. Above all, it has developed into a sizeable and influential organization that tracks the 'big' themes in society, and alerts business and government leaders on fundamental changes.[2]

At the World Economic Forum of 2016, an elite group of no less than 2,500 world-leaders descended on the tiny mountain village of Davos. This time, Klaus Schwab opened the meeting with a very serious message and warned all the attendants of the coming of the 'Fourth Industrial Revolution'. He introduced it as follows: "From social media to the Internet of Things, digital fabrication to robotics, virtual reality to synthetic biology, new technologies are racing forward across the board. Together they are ripping up the rule book for people, firms and governments alike."[2]

"Ripping up the rule book". As an opening statement, that was quite impressive. He went on to say that "We stand on the brink of a technological revolution that will fundamentally alter the way we live, work and relate to one another. In its scale, scope and complexity, the transformation will be unlike anything humankind has experienced before. We do not yet know just how it will unfold, but one thing is clear: the response to it must be integrated and comprehensive, involving all stakeholders of the global polity, from the public and private sectors to academia and civil society. The speed of current breakthroughs has no historical precedent. When compared with previous industrial revolutions, the Fourth is evolving at an exponential rather than a linear pace. Moreover, it is disrupting almost every industry in every country." According to him, we have to think, work and evolve together – from individuals to corporations to countries – to solve this huge challenge that lies before us. And we'll have to do it now. Klaus Schwab is a firm believer that the world is changing faster than ever before.

FASTER? NOT.

Not Robert J. Gordon though. Robert Gordon is a renowned economist and researcher at Northwestern University who wrote an intriguing piece of work in 2016: *The Rise and Fall of American Growth*[3]. In it he argues that we have too many 'techno-optimists' who are claiming that the rise of the new (digital) innovations is going to redefine our global economy, reshape society and transform humanity.

Gordon clearly despises these techno-optimists with a vengeance.

In his view the real impact of technology on society, since the 1970s, has actually been quite dismal and disappointing, albeit dazzling at times. He claims that we are all too goo-goo-eyed with the advent of transistors, the PC, the internet and Facebook. That we are constantly amazed at silly, shiny new things like PokemonGo or the selfie revolution. Instead, he argues, we miss the point by ignoring the huge impact we've seen with the dramatic decline in infant mortality in our world. This was the result of our increased understanding of health-