

Connecting Innovating Futures to your Strategy



An introduction to the Three Horizon Framework

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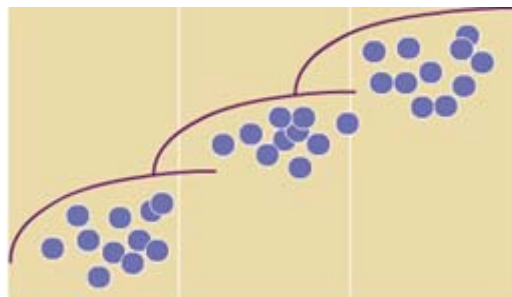
An introduction to the Three Horizon Framework

A series of articles that provide an opening explanation of the value of the Three Horizon Framework:

- Article 1 Have you considered the Three Horizon Approach?
- Article 2 Value of Managing Innovation across Three Horizons
- Article 3 Connecting the Future- Three Horizons- Strategies & Innovation
- Article 4 Navigating the Three Horizon Framework- An Emerging Guild
- Article 5 Exploitation across Different Innovation Horizons
- Article 6 Four critical activities to balance across the three innovation time horizons.
- Short Story Lingering Dogma, Fixed Mindsets and Conflicting Needs
- References Drawn from different emerging work on this for references and resources

An Evolutionary Perspective

To manage across your entire innovation portfolio - a valuable framework to manage through



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Have You Considered the Three Horizon Approach?

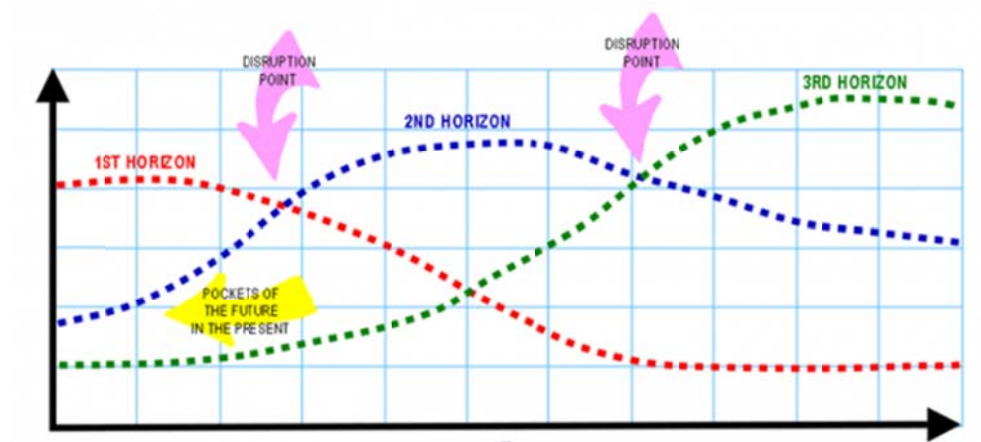
Part one



Thinking through the management of innovation have you ever considered the Three Horizons approach? Over a series of articles I will explore and expand on this more extensively as it is often 'touched upon' but is worthy of exploring in a deeper way.

It is likely through this approach business leaders can adopt an **evolutionary perspective across the entire innovation business portfolio.**

If you are thinking through different horizons to approach innovation then the three horizon model has considerable merit to consider. It becomes clear fairly quickly in development that you need to invest across different innovative activities and these should be managed differently across time horizons for applying different resources as you search for eventual solutions. Also I think this three horizon model can become a useful tool for linking innovation to strategy.



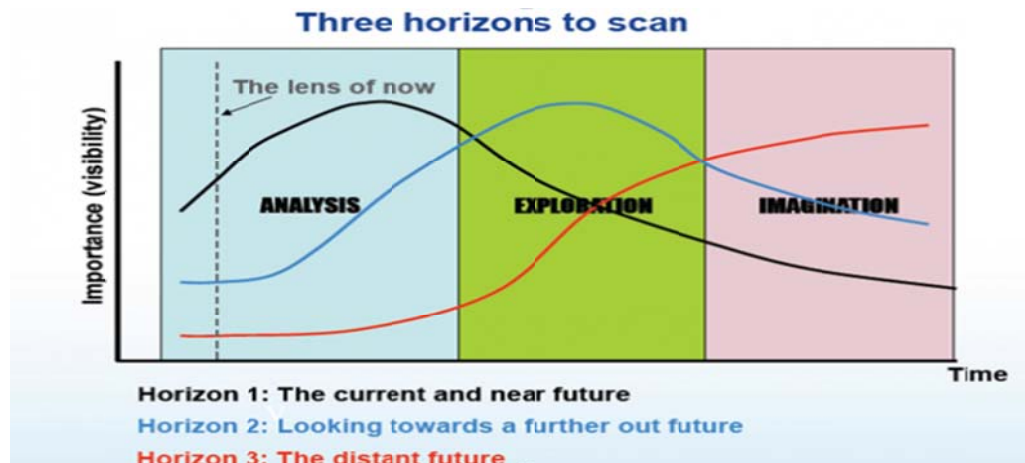
Horizon One represents the company's core businesses today. By definition these tend to be fairly mature so management **must unlock and realize their remaining potential** before maximizing the value of the businesses through their decline. This first horizon involves implementing **innovations that improve your current operations**

Horizon Two includes the rising stars of the company that will, over time, become new core businesses. These businesses may be step-outs from the core or more related extensions that **simply require new capabilities and time to build.** Regardless of their form they have the potential to shift to the company's revenue base and replace the current cash generators. Horizon two innovations are those that **extend your current competencies into new, related markets,**

Horizon Three consists of nascent business ideas and opportunities that could be **future growth engines** but with uncertainty at an unprecedented level in today's business environment even the best analysis to determine probable outcomes will leave many unknowns about these potential businesses. Horizon three innovations are the ones that will **change the nature of your industry**.

The main innovation differences become more apparent.

In general, H1 innovations tend to be incremental, while H3 are more often radical innovations. There are several key ideas that arise when using the three horizons model.



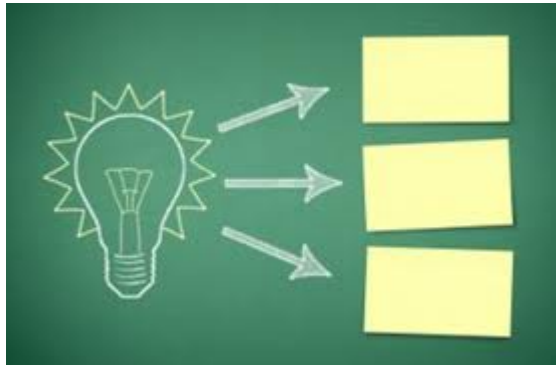
- The first is that **you must have innovation efforts aimed at all three time horizons**.
- The second issue is that **horizon 2 is incredibly difficult to manage**. H2 innovations seem very similar to your current products and services, and the **overpowering temptation is to use the same metrics to assess their success**. You have to figure out a way to ring fence H2 innovation efforts.
- The final point is that **people often mistake the three horizons model for a planning tool – it isn't**.

The use of the three horizon model alters the nature of the **tensions and dilemmas** between vision and reality, and **the distinction between innovations** that serve to prolong the status quo and those that serve to bring the third horizon vision closer to reality (horizon 2);

So in summary, it is a reasonably simple idea with **Horizon 1 being the current business, Horizon 2 being a related business and Horizon 3 being a completely new business that could disrupt the existing business**. I like the model because it frames that restlessness demanded from innovation by activity seeking out and trying new businesses in H 2 and H3 in different ways of risk as well as opportunity.

Value of Managing Innovation across Three Horizons

Part Two



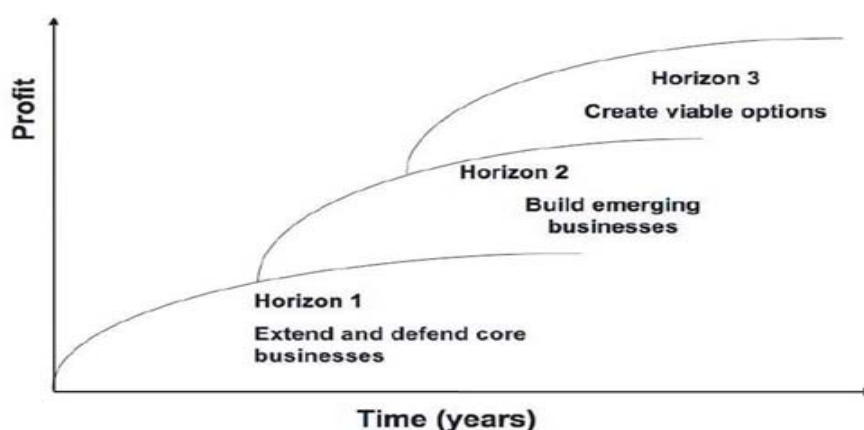
This is the **second** in a [series](#) on [the Three Horizon Approach](#). Previously I gave a short introduction, arguing that we should take a more evolutionary perspective across the entire innovation business portfolio by using this model.

Going beyond that initial introduction- a series of short articles follows to extend your understanding on this more than valuable approach to managing your innovation activity.

I plan to explore in these next four articles the three horizon model more extensively, this is the first of these three that builds from the initial one introduction in article 1

The three horizon framework is valuable to build into your thinking about strategy and innovation. It places emphasis on where to tackle the different approaches to innovation (incremental, disruptive and radical) and place these within their different timing frames that are often need to manage these successfully across their development cycle. The three horizon framework also allows for greater organizational participation on taking out ‘future thinking’ with different mindsets to visualize a variety of challenges in these various horizons and that has a huge value to work through and frame the activity and resources they will need over different time periods.

The Three Horizons have different focal points of value.



Horizon 1 (H1) in brief

This is the existing business, the one you need to keep your real focus upon, it pays the bills, it gives you the possibilities for tomorrow. The emphasis here in this H1 is you invent, develop and deploy through a clear portfolio of products and services and (hopefully) a robust innovation process. Your aim is to keep extending and defending your core business and this is more though an incremental approach to improve on your existing business. This horizon is the one we are most familiar with.

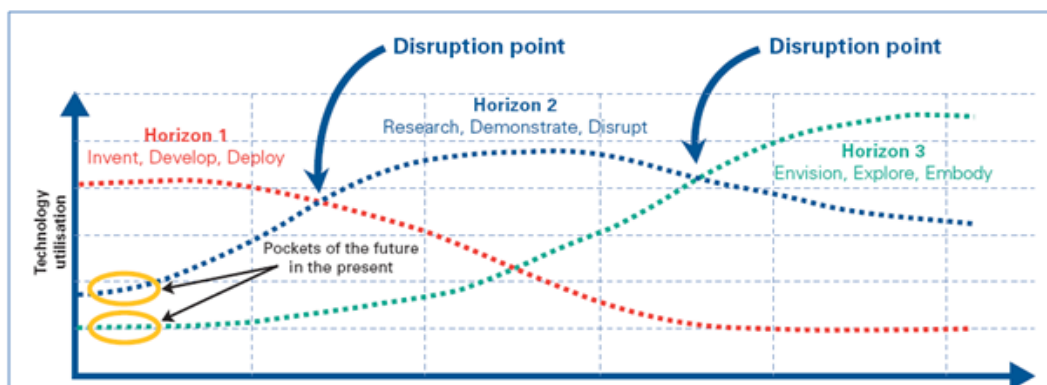
Horizon 2 (H2) in brief

This horizon 2 'feeds' from horizon 1-much of the core is still wrapped up in this but this is where you often face that 'point of disruption, that famous innovators dilemma described by Clayton Christensen. It is a view of the things that are beginning to change, to threaten what you have as a core, it is the place where you begin to see change. It is the place where those disruptions can offer emerging new business, others will see, if you don't. You certainly need to view this horizon with different metrics of its value and investment as it is often still 'emerging' and you need to figure this out and what this means as an impact on your existing core business. The emphasis here in this H2 you need to research, demonstrate and disrupt. To do this you need to certainly 'ring fence' this emerging horizon to ensure you are actively working on it in different ways (piloting, prototyping, new business models) and can be ready with possible answers if it comes towards you faster than you initially expected.

Horizon 3 (H3) in brief.

There are pockets of the future in the present; often these are what some people call 'weak signals'. These positions will likely change the nature of your industry, they are potentially very radical. It is where there is real possibilities of completely new ways of doing things and this is where the mindset has to be more fluid and adaptable to seeing things in different ways. There will be competing 'voices' on these, offering differing values, perspectives and advocacy. This becomes a challenging horizon to manage. The emphasis here in this H3 is you envision, explore and embody. Often there may be no right or wrong to these different views and often they simply cannot be grounded in 'hard' evidence but clear scenarios that embrace these different perspectives needs broad discussion and eventually emerging consensus of where to explore and not.

The Three Horizons – visual summary.



The present recognition – resistance to change – managing different mindsets.

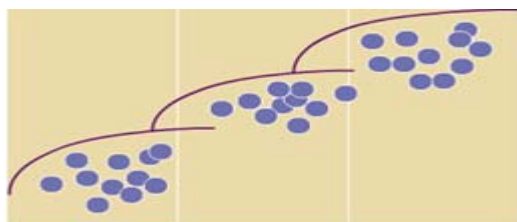
Langdon Morris has just written a book called “The Innovation Master Plan” and he talks of mindset as the hidden problem of innovation. He suggests most executives lack both experience with innovation and within this an innovation mindset. He views this as the brutal pace of change keeps organizations constantly on the defensive, concentrating on the short term and often they are just reacting and adapting to what comes towards them. The second is often as managers we are consistently working towards ‘managing the business today’, keeping it as best as we can by trying to run it smoothly and crank out what is needed to keep it simply ahead. The issue we need to face is often one that as Langdon mentions is Joseph Schumpeter’s view, of ‘creative destruction’, that is happening at ever increasing pace all around us. Management must stop looking backwards to compare events, it must look towards different horizons to see where they need to go and this is a real mind shift to bring about this change. The rear view mirror only tells you who is coming up behind you, not what is ahead of you and that is where you need to focus, to anticipate, react and respond.

Fixation, Bias and its Consequences

It is this intensive fixation on the incremental, this huge bias on the ‘here and now’ that is creating much of this ‘creative destruction’. You see different reports on C-level’s view that they lack the big breakthroughs and this leads to the innovation deficits that catches so many organizations unaware.

So as Langdon nicely puts this in his book, there are four devious mindset traps of 1) fixation on the status quo , 2) short term thinking dominates at the expense of longer term, 3) too much incremental innovation and 4) ignorance of the real meaning of change, its rate and impact.

Three Horizons can help shift the thinking to ‘seeing in multiple horizons’



The Three Horizons can often move those intractable and contentious points through viewing them in different ‘horizon’ mindsets. They can offer a level of traction that feeds into managements thinking the social shaping trends, the emerging patterns being detected and allow for these to be articulated enough in a coherent way to shift thinking.

The Three Horizons are needed to be seen as different.

Mahatma Gandhi commented “*First they ignore you. Then they laugh at you. Then they fight you. Then you win*”. It is by seeing these three horizons differently and the managing of these challenges you can break down the issue to help you have that better chance to ‘win’ in anticipating and delivering the future in a more structured way of different innovations.

Connecting the Future –Three Horizons for Strategies & Innovation combining

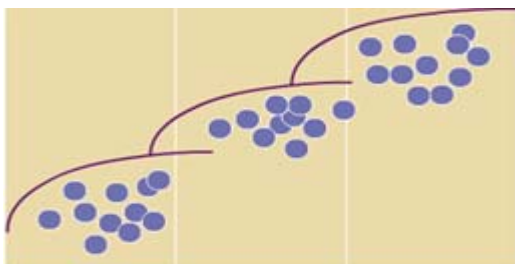
Part Three



This is the **third** in a [series](#) on the Three Horizon

Initially I gave a short introduction to the three horizon approach arguing we should take a more evolutionary perspective across the entire innovation business portfolio by using this model. Now, I'd like to go beyond the introductions and arguments to show why this three horizon framework is really valuable for innovation. I plan to explore here some more of the thinking behind the Three Horizon model with some suggested approaches to managing this. To help me within this series I've drawn on different thoughts, views and articles by various authors and these are referenced at the end of the related blog "Navigating the Three Horizons Framework- An Emerging Guide".

I've also added some further interpretation to a number of visuals I have found are useful that significantly help understand the value of the Three Horizons in aligning innovation and strategy, so it connects the present with the future in a useful way.



The Innovation Clustering within the different Horizons

The future never stays the same

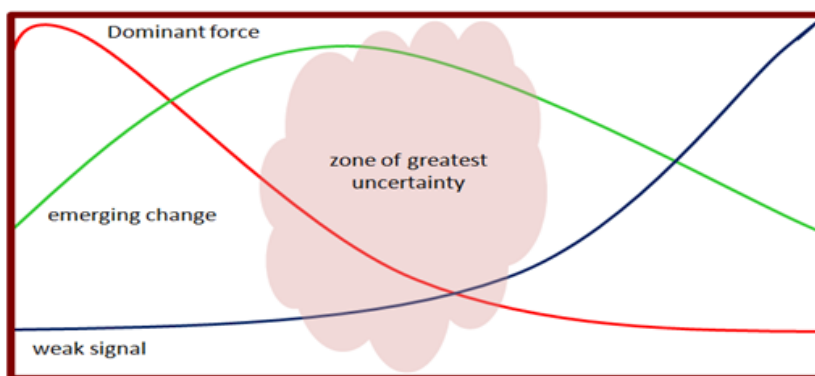
Much of what we do today is the dominant force behind where we go in the future. What we must be constantly alert too is all the emerging changes that are taking place. We need to pick up on the often 'weak signals' that can lead us out of often completely radical change within our industry or the society we serve.

The problem for much of management is that often anything discussing the future enters the 'zone of uncertainty' and this ability to often 'read the tea leaves' determines the future health of the organization. Ignore these shifts or signals and you are on the path to your own 'destruction'.

Knowing how to frame these contributes significantly to reduce down the 'zone of uncertainty' into understanding what is tangible, what still remains open and intangible and what has emerging value to explore in different ways.

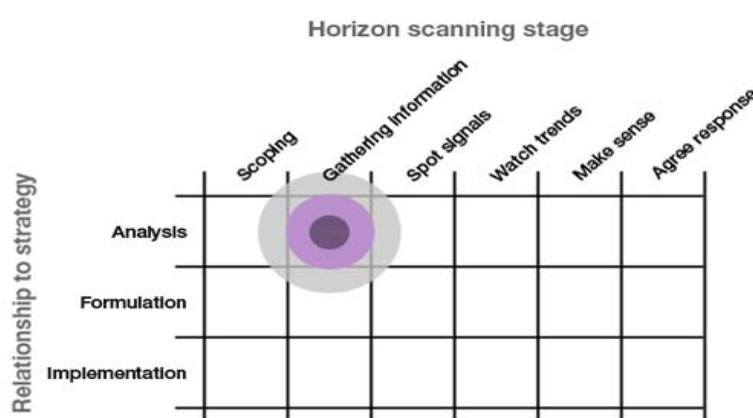
We do need to use tangible data where we can but as we move towards a more 'uncertain' or "fuzzy future" we need to look at other means to convey opportunity. These could be in presenting different scenarios of the future and where your products might fit. It might take an even more 'futuristic' look through different techniques. The future never stays the same but we need to begin to talk about it and then make plans to work towards 'rough' outlines that we can detect through many present but 'weak signals'.

3 Horizons: the future doesn't stay the same

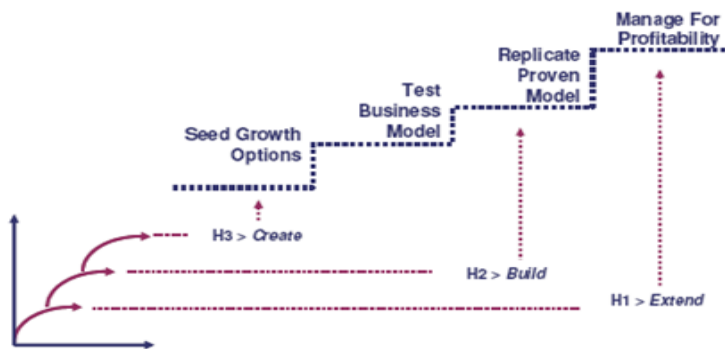


The ability to scan the horizons

Not only should we search for possibilities that extend and strengthen our existing core offerings but we should search out on a wider basis. We need to often challenge our existing assumptions, gather different views of the world, spot shifts taking place within our markets so we can anticipate and prepare more for inevitable change that simply occurs more and more. There are different steps to this scanning and this visual provides a useful process of moving from scoping to developing a response to the 'threat' or shift.

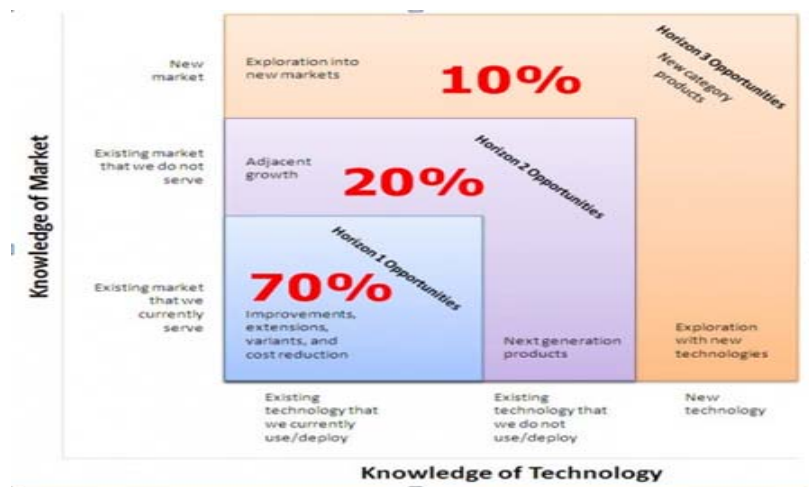


It is also useful to think about the way to fund and resource these different horizons



Managing across the stages with the Three Horizons

This approach fits with existing management thinking but it works really well within the Three Horizon framework as outlined in the visual. The ability to create, to build and extend occurs within the three horizons. It is investing in all three horizons but in appropriate levels of allocation, time, resources and more importantly different skill and capabilities. How much is dependent partly on your conditions but more importantly on how much you attach to wanting to plan and *commit* for your future health and well-being.



Example of allocating resources through the Three Horizon Investment Portfolio Allocation

In this example, as the knowledge of the market grows and the emerging understanding of technology you have different horizons to invest in, to allocate your funds and resources. Firstly those that continues to build on the existing market that is currently known and served (H1). Then those that exist but you have not yet fully understood or entered but seem to be potential places where disruption might happen. Then you need to be represented (H2) and finally, then those new markets, that become new categories, even radical that might change the market dynamics where you must have some 'readiness and awareness of' (H3). Perhaps you invest your resources on this 70:20:10 basis as an example and is often seen as the 'rough' rule of thumb to at least start with.

The need is to define your route so as to navigate the different horizons.

Navigating the Three Horizon Framework

Part Four



This article is the **fourth** in a [series](#) introducing and exploring the three horizon model more extensively. As I've previously illustrated the [Three Horizon Approach](#) is a more than valuable one for you to begin to build the necessary structure into your thinking about its evolutionary place bridging strategy and innovation. Here I outline the suggested tools to apply to the different horizons.

This suggested framework helps your thinking to construct the different activities into their appropriate space for deciding what resources to commit to them. By breaking these up into their different needs you begin to break down the 'debate' on what and where to place your emphasis, resources and thinking in clearer time frames of attainment. The discussions become far more 'framed' and allow for a clarity and can often defuse needless debates and fuel more 'mature' ones.

The three horizons does provide a distinct structure

This is an emerging framework to help in navigating through this three horizon evolutionary approach so innovation can be 'housed' more closely within your strategic thinking, intent and goals and resources can be assessed and allocated appropriately.

The opening need is to define your different horizons

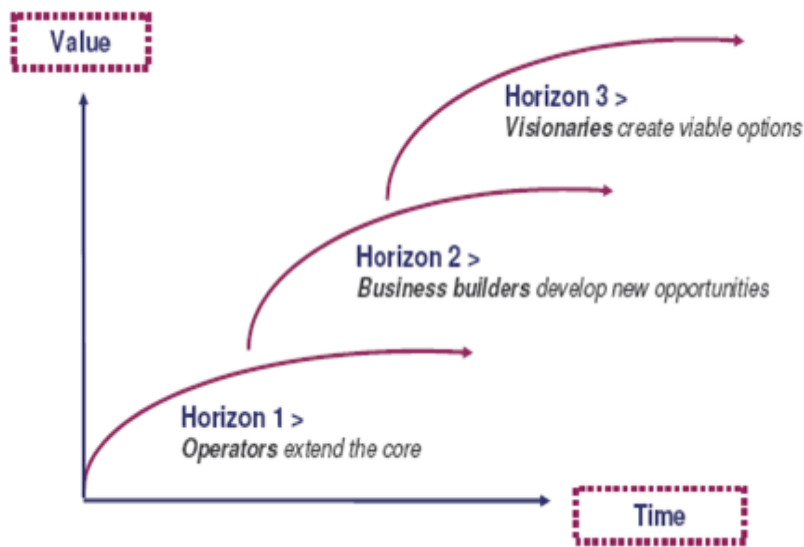
Firstly time is relative; relative to your industry, your situation, your changing circumstances, your level of resources, your commitments. They can often be compressed into one 'grand plan' but that is a mistake often made. You do need to allow different innovation development for its appropriate 'breathing' time and evolution. You need to allow certain emerging concepts the space and the time to fully emerge in their potential, while you 'sweat' the others that are clearer and more relevant to immediate needs. We often force this into the same 'pot' for applying one given mindset and inevitably far too much compromise is then made. It is like a football match; to switch from defensive to offensive needs different mindsets, so does innovation, those needing to enter the market quickly and those that are more nascent requires different management.

Due to this squeezing into the same pot, often applying the same mindset, the end result is that an initial fantastic concept has been sacrificed on the demand for immediate needs. We are often far too impatient in the development process. By not having a framework that look across different horizons and requires different approaches, understanding and appreciation, we often end up in producing less than the early promise suggested, with a stream of never ending incremental

innovation because of this impatience and wrong framing approach. We need to change our way of valuing innovation and recognize there are different time horizons than just a calendar year or operational business cycle approach. Great innovation 'beats' to its own timing.

If we could establish a better innovation timing model clarifying where each part fits we can potentially raise our game and deliver more distinctive, disruptive and radical innovations. Our 'fixation' on the business result cycle hampers innovation. The Three Horizon Methodology attempts to break that business cycle and offer the innovation cycle as the right way forward.

You can separate out each horizon for its value and time and provide a convincing case within your organization on this.



The Value-Time within the Three Horizons

An emerging framework to help navigate across the different horizons

This is my view of the distinctive aspects of navigation across the three horizon framework and where you shift your emphasis to 'adjust' you're thinking and mindset to reflect the different horizon and aspects required to 'see things differently'. We are familiar with nearly all of these business approaches, what I have completed is where they are far more appropriate as the planning out tools and communicating means.

Please take your time to work through each of these, they are distinctive in what they emphasize for good reason and they 'feed into' the current make up of business understanding. I would suggest this would allow for across the organization acceptance and recognition as logical and can help innovation to navigate across time horizons that all, will hopefully, understand as the evolutionary path needed.



Navigation across the Three Horizons Framework

I believe they fit well to achieve the different thinking through and change in mindset.

Summarizing the three horizons framework before we look more into the exploitation issues

The three horizon framework has real value. Not only in scenario building, supporting known data and facts but allowing for developing 'ranging' alternatives for the future. It can be the thinking through methodology to gather often conflicting voices around a framework that asks for different mindsets, different understandings and different needs. Each of the horizons has a characteristic behaviour over a given time.

How you frame innovation, spotting firstly emerging dilemma' and, then working through the tensions that occur between the focus on today's business and the needs of adapting to tomorrows is critical to manage well. By supplying an organizing framework that manages immediate innovation needs with the more futurist ones based not just the ability to detect those weak signals but to frame it in different evolutionary ways to explore options, of where the markets will possibly radically alter in the future, then you are better positioned to seize and shape your place within this changed environment.

If you can offer a way to manage these different innovation time horizons through this suggested Three Horizon Methodology you can make a clear contribution to alignment of the business, its strategy with its innovation for a healthier future and a framework that becomes recognized as the way to manage the differences.

The Three horizon methodology can relate your existing drivers of innovation to trend-based futures to emerging issues that might offer real breaking opportunity. It links today to the future as a process of change to evolve through. You can build a more plausible and coherent future if you map these through the three horizons from a current more prevailing one to ones that can be explored for the future.

A final comment to finish here upon

Gary Hamel remarked *"I don't think you shuffle your way from one S Curve to the other. You have to jump."* The three horizons will help you in your jumping but in evolving ways that provide the great value of linkage.

Exploitation across Different Innovation Horizons

Part Five



This is the **fifth** article within the [Three Horizon series](#).

Nobody said innovation was easy and I was certainly reminded of that recently. Innovation can be, without doubt, fairly complicated in larger organizations to manage. What must not be forgotten is that we must manage the innovation activities across all the three horizons of innovation and that may on first glance make you believe this adds even more complexity. It doesn't, it is the opposite.

When you have to handle all the conflicting, competing demands placed within the innovation system by different 'fractions' it can sometimes become impossible. This framework helps reduce complexity and focused management attention on the places that need resolving. For the innovation teams involved in these multiple tasks, getting this balance right and also trying to justify further support to keep all the activities progressing on time, is tough, *very tough*. Using the three horizons as the communicating tool will help focus attention on where the possible issues lie.

Adopting the framework across the organizations offers a roadmap approach

Adopting the three horizon approach helps. Each of the innovation horizons can demand different management's attention for allocation, response and focus. We have discussed in the series of previous blogs the many differences within the Three Horizons. H1 represents the company's core businesses today; H2 includes the rising stars of the company that will, over time, become new core businesses, whereas H3 consists of nascent business ideas and opportunities that could be future growth engines. The framework can become the innovation roadmap taking you from the present into the future.

If you have missed the previous blogs on the three horizon framework then do go back into the series for a deeper explanation of its emerging value.

Dual needs are often conflicting

How often do you face the real difficulties of striking the right balance between those dual needs of meeting what is important to service in today's business, for short-term performance and targets, along with the other critical aspect of pushing the future performance if innovation concepts into

the next horizons of innovation? Those future horizons that offer the stepping stones for the new concepts and ideas that eventually lay down the expected foundations for your continued growth.

What we have to remind ourselves is that each Horizon needs different mindsets. H3 is really different to how we are managing innovation in the current system and has often very different people participating within its construct. For example H3 is more motivated by vision, value and beliefs (think Steve Jobs here on how this pushed him and Apple). The H2 mindset is more an entrepreneurial mindset, attempting to anticipate changing values, detect shifts in the market place and as these become clearer they can lead you into the H3 world.

Managing the different tensions, adjusting the mindsets

There are real tensions often found within teams as they grapple with the different three horizons becomes apparent. Even though H1 is managing the today, different members of the team has different views but in sometimes drawn out discussions a prevailing view emerges. The H2 discussions have far more of a need to be adaptive, you are shifting as new information emerges and this gives new values and opportunities if you remain open to it. This is the toughest zone to manage as it brings out greater uncertainty and conflict. This has been called the 'space of transition' where you get clashes within teams on the suitable paths.

H3 you can say is sometimes regarded as marginal in its positioning as seen today but these are creating the viable future. You are not resolving this in the present time but you are beginning to have a necessary focus and allocate resources. Equally it is often not immediate to your needs that can be hard for some to relate too. H3 does need as much leadership engagement to focus upon but needs different 'shaping' techniques to begin to 'see' the possible future. Then as thinking 'connects' you allow specialised resources to then explore and gather deeper insights and understanding.

This H3 work becomes very much more future-orientated and often the engineers, scientists and designers can initially struggle here as it is not tangible, lacks 'hard' data and still to incoherent to them. To help on this some storyboard of different views of the future, so they can 'step in' and relate better can be immensely helpful in the necessary connecting and relating.

Managing across the different horizons really places a complexity for constantly juggling and balancing out different sets of high-yielding performances, often from the same team searching for future yielding activities alongside current work. To help we need to have a much clearer understanding on the aspects that make up the different thinking through activities within innovation management to reduce unnecessary tensions and bringing a one set mindset and trying to apply this across the different horizons.

Four critical activities to balance out across the three innovation time horizons.

Part Six



We do need to group the necessary activities according to critical activities that are relevant

I feel are the four critical focal attributes and their activities that are needed to be managed, planned out and pursue across the innovation three horizon mix to deliver on the innovation expected . These need a fairly advanced organization structure to be managed effectively

1. Strategic planning, portfolio management to manage the growth management pressures so you can allocate the resources appropriately to the tasks and needs. You need to look at this 'working through' as more evolutionary as knowledge changes, so you have to adjust accordingly.
2. Project productivity, execution and disciplines to drive the system to each of the different horizons goals are different to achieve a robust framework.
3. Managing relationships, increasing more through connecting to external sources for open innovation. Becoming more comfortable with working and sharing on different emerging new platform requires management techniques and collaborations that might be different. Using the three horizons can provide a great place to base the conversations around.
4. Securing, anchoring and developing the talent to deliver the innovation needed in each of the horizons needs a real mix of contributions. Execution is clearly different from exploration, discovery or working through detailed, systematic investigations.

These four activities are not so easy to work on simultaneously, it needs some deeper thinking through and management skills to balance the many conflicting pressures found within the innovation system to fit your circumstances.

Here I just discuss the concepts and activities within each to trigger your thinking. These need to be thought through individually by each organization to balance out which is not an easy task, often not as well-considered by external observers or advisors as they should be.

- **Strategic planning, portfolio management**

The balances here are focused more on evaluating emerging opportunities; ensuring portfolio consistency and demonstrating where the portfolio returns lie. Then strategically and tactically working to exploit and combine any cross-over projects, updating on a constant on-going prioritization the impact of the different growth platforms, and finally monitoring the activities that are working themselves through the innovation system for communicating their changing value.

- **Project productivity and execution**

Here the focus is far more on the disciplines within the system. The optimization and appropriate allocation of the necessary resources for embedding project management disciplines, demonstrating constantly the validity of what you are doing, reducing rework, demonstrating the value of the activity to meet the required end result going through the innovation pipeline.

There is a growing need is to build up clear prototyping and scaling techniques, plan to 'inject' dedicated specialists into projects to drive and offer appropriate advise where needed and be constantly ready to show viability from the work progressing through the pipeline . Finally, there is the need to find the right balance between customization and standardization techniques to provide the optimum yield from these activities.

- **Management across external and internal relationships is complex.**

More and more open innovation seen as accelerating the innovation activities is placing a real increase on the demands for exploiting and promoting different collaborations platforms. As there is an increasing need to attract different partners for working across often very diverse platforms this is placing increasing demand in the management of a complex set of dynamics across new and ever-changing relationships with outside parties.

There is a need to explore different techniques here that involve discovery syndicates, venture networks, deployment of absorption teams and seeking out a range of idea and technology sourcing networks to feed into the internal organizations process and systems. Each plays its part in providing focus and exploring new yields to accelerate the innovation activities.

- **Managing the talent needed for innovation**

Firstly securing, then anchoring and developing the diverse range of skills required to manage in a complex innovation system is increasing hard to complete. Not only do you have to map out workforce supply and demand, analysis and account for many different career preferences to meet personal circumstances, you have to leverage the skills across different needs and these three horizons. The growing importance of sharing knowledge, both tacit and explicit, that can be fully absorbed and exploited requires an absorptive capacity structure <http://tinyurl.com/crtvdv86> needs consistent attention and re-fuelling.

Four aspects of 'knowledge growing' that offer increasing value are: a) developing up a system for assessing the impact analysis of where resources can offer the best return, b) exploring where you can work to improving faster cycle times, c) building technology and knowledge libraries, and finally

d) exploring different portfolio scenarios These all are in need to be simultaneously developed and exploited for growing and managing knowledge.

Lastly in this section, the structuring of effective teams always needs that consistent attention. We need the ability to constantly build up the competencies and capacity for more 'responsive' and deepening of innovation skills. These different skill sets are increasingly required to meet the changing innovation activities that are expected over the complete innovation development life cycle, where fresh discoveries are always occurring and you can reposition resources to capitalize on these 'breaking' opportunities.

How are you managing across these four? If not, should you?

Each of these four critical attributes is certainly placing increased demand on those that are managing within the innovation system. It requires for some advanced planning and attention within the management of innovation. Of course this grows in complexity by the size of organizations innovation activities and need.

Recognizing each of these four and being able to balance the often conflicting demands across different innovation horizons and competing for scarce resources within organizations is far from easy. It needs dedicated focus within innovation management.

Focusing on higher-yielding innovation

How are you tackling this complex need for different high-yielding management within innovation? This is not an easy task and sometimes we external commentators forget when we keep layering on more 'timely' advice and poking around with our innovation sticks. It is always very different when you are in the 'eye of the storm' than being the observer.

Certainly a 'tip of the hat' to those that manage within this complexity, it is not easy to balance out all the competing, often relentless demands placed on innovation's exploitation needed across the three different horizons.

Managing innovation requires an awful lot of dedicated work to do well. It is complex but to frame your innovation activities across the Three Horizon Framework helps unite often opposing views and allows for more mature, reflective thinking in the area that offers the future 'wealth' of the organization. It needs managing as well as we can.

You need to exploit innovation across all options and avenues open to you and it needs an evolutionary way to manage this.

Thanks to the Research & Technology Executive Council for their past benchmarking in these suggested activity areas.

Lingering Dogma, fixed mindsets and conflicting needs

A short story to finish

Sometimes you would be amazed at the underlying tensions that occur when you get into those discussions around the board table on what and where innovation contributes to strategic direction.

Even managing the present portfolio of innovation initiatives gets caught up in these underlying tensions as it becomes another opportunity to open the discussions again. Suddenly the CFO becomes animated over the uncertainties; the research director grows defensive, and the marketing director more strident in why it is constructed that way. The HR director raises their concerns on stretching the resources too thinly and suddenly a fast and furious open debates erupts and the Supply Chain director throws in the concerns that the system will not cope with the sudden influx of new introductions in the remaining part of the year.

Each has a valued perspective but much of these are based on past positions, attitudes built up from other pitch battles and scores to be settled. The CEO listens and silently thinks to himself: “what happened to the series of bonding exercises that we had all had invested in, suddenly gone”.

Lingering Dogma

One of these ‘investments’ made within the board was to resolve the strong personalities around the table that tended to push certain views and try to make it the dominant logic. The very nature of these ‘debates and exchanges was that they were not being left in the boardroom but were seeping into the organization and suddenly more of the organization was becoming at odds with each other. Each board member has previously recognized they own failings in holding onto their positions and they acknowledged this was contributing to this ‘tautness’ that was found across the organization. Yet they simply were falling back into old habits or that fixed mindset.

Fixed mindsets and biases

Holding onto these positions were actually holding the organization to ransom, as it rises up and dominates in these more open debates it freezes positions, alliances are struck that become more opportune and less to do with the right decision for the business.

These have been slowly forming more constraints on the ability of the organization to explore the best options on strategic design, let alone where innovation can support it. This was shrinking the size of the opportunity horizons that could be investigated and linked.

Conflicting needs and holding positions

Often within any debate it is difficult for many to change perspectives; they can’t even change their ‘established’ opinions even when they are being confronted with overwhelming evidence. They dig in and become dogmatic, resort to well established and tested fear tactics. Those old chestnuts come trotted out about “complexity, fast changing market conditions, uncertainties of key clients, the downturn effects, our limited resources” etc., etc. to hold their favoured position.

Mental dexterity or choosing to impose authority becomes the choice of the CEO to bring order back to the 'debate'

The debate has gone on well past its allotted time, the issues are getting caught up in more personal attacks and suddenly innovation becomes the 'whipping boy' for some of these disjointed failures occurring. Cool heads have left the room, replaced by accusation and counter accusation and rising tempers.

Suddenly the CEO springs into life, he has been listening, observing and considering his options. The first idea he has was one of how can I sack the lot but this was quickly dismissed as not sensible because around this table was the best available talent for tackling their given areas of specialisation. When this team combined it was awesome was often made by independent observers. He recognized his job was to orchestrate this 'tension' into a more positive set of dynamics.

The choice he had to make was between the 'carrot or the stick'. He could impose his opinion quiet strongly and had been known for this 'stick' approach many times, he actually had become quite legendary for 'shredding' both the good and the bad. This time he hesitated.

Recently he had been going through his own discovery of what made up his mindset with a personal coach. The meeting had been brutally honest, open and mind shifting as they had been between two people that had shared experience, enjoyed each other's life experiences and how they arrived at this point. So he took the option that he saw was the right one- the one that seeks and cajoles, that shifts perspectives and given mindsets.

Learning different approaches can change perspectives

Gently he brings order around the board table. He asks a series of open ended question "where does innovation contribute to strategy," "where can it contribute more?," "what is holding **US** back from delivering on this promise?," "why can't we realize this potential?" and finally "how can **WE** change this?". Each question slowly reduces the negative tensions and replaces it with a positive, unifying set of positive tensions, the issue has moved from the 'you or me' into the 'us' frame of thinking.

He begins to draw out the expertise around the table, he gets each to appreciate the proficiency of the other, and he draws out a 'string' of positive contributions. The individuals around that table only minutes ago clearly at each other's throats have united in finding answers to these questions.

Applying the appropriate intervention

Suddenly the atmosphere changes with the deftness of this intervention. It has not imposed; it has sought out through asking the experts within the room to tap into their areas of knowledge. The debate begins to move faster and faster, one good idea contributing to another, feeding off, building from and breaking down the issues that hold innovation back in its contribution to strategic direction.

He takes one further step, he reminds each person on the three horizon framework they had all been introduced too fairly recently. (See below for links). *“What we have to remind ourselves is that each Horizon needs different mindsets for innovation”*.

The third horizon, the more futuristic one, is really different to how we are managing innovation in the current system and its management. That horizon (3) is motivated by vision, value and beliefs). Whereas the one we call the intermediate one, which straddles between the present and the future is more an entrepreneurial mindset, attempting to anticipate changing values and detect the shifts in the market place and as these become clearer, they can lead into the H3 world.

Suddenly the discussion has significantly shifted. The focus has become one of applying different mindset to approaching and linking innovation to strategic direction.

Respected solutions and changing context.

Dogma's can also be extremely positive, they can reinforce solutions, they can underpin approaches that can shape and influence very different attitudes and beliefs. In introducing a framing approach that moves the discussion beyond, into the current drivers of innovation, the trending aspects that can shape what an organization works upon and those emerging aspects that remain 'sketchy' but have potential strategic implications brings a galvanizing change. Innovation is suddenly linked to a process of change and strategic direction options that lifts the debate into a series of plausible and coherent set of activities that focus the energy around the table on to the defining yet opening debate on linking the future work to the shape and the organization's needs, making the debate as strategic as it can be.

Find out how you can change the tone of any board debate for innovation

Take a little time and view the series on the Three Horizon Framework either on this blog by entering into the search field under “three horizons” or through the series published on the Innovation Excellence site. If you start here under the opening one of five within the series of “Have you considered the three horizon approach” (<http://tinyurl.com/c6fed9c>) and then further releases each day during the period follow.

I can't promise it can stop all the unhealthy debates around innovation in the boardroom but it might change the perspective and where to focus the expertise and energy to make innovation far more the strategic bedrock organizations are looking to achieve.

This short story is taken from Paul Hobcraft's web blog www.paul4innovation.com

Resources & References

Baghai M, Coley S & White D, *“The Alchemy of Growth – kick starting and sustaining growth in your company”*, Orion Business, London, 1999.

Various McKinsey documents written on this subject that followed on from the book

“Seeing the Multiple Horizons” by Andrew Curry and Anthony Hodgson. Autumn 2008- Journal of Future Studies.

The Three Horizons use for a long-term technology change for the UK government under “Intelligent Infrastructure Systems” by Anthony Hodgson & Bill Sharpe.

The on-going work of the International Futures Forum, in Scotland in this area.

Assorted presentations made on the Three Horizons as an emerging concept and the use of some of the valuable diagrams offered here to build upon.

My thanks to [Tim Kastle](#) for triggering my growing interest further into managing innovation across different horizons into a far more full-blown one on its real recognition of its value in 2010-11.