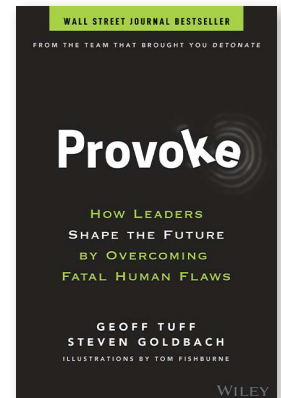


Provoke

How Leaders Shape the Future by Overcoming Fatal Human Flaws

by **Geoff Tuff and Steven Goldbach**



Contents

Part I: Predictable Patterns

Page 2

On the Importance of 'If' Versus 'When'

Page 3

Expanding Peripheral Vision

Page 4

Part II: Principles of Provocation

Page 5

Envision: Seeing the Future

Page 6

Drive and Adapt: Taking Control

Page 7

Activate: Harnessing Your Ecosystem

Page 8

THE SUMMARY IN BRIEF

There's a new and effective method for seizing opportunity in the face of uncertainty. In *Provoke*, renowned strategy consultants and best-selling authors Geoff Tuff and Steven Goldbach insightfully explore how people act tentatively in the context of uncertainty, and the authors provide the tools we need to do things differently.

Tuff and Goldbach offer the compelling argument that taking a “wait and see” approach is the exact opposite of what helps visionary leaders change the world. Drawing on principles from business and behavioral economics, the book shows readers from all walks of life how to provoke action as a mechanism to advance.

Perfect for leaders or aspiring leaders in all walks of life where uncertainty abounds—which is to say, almost everywhere—*Provoke* will become your go-to guide to overcoming the natural human instincts that keep us frozen in place and prevent us from seizing our opportunities.

IN THIS SUMMARY, YOU WILL LEARN:

- To overcome cognitive biases that distort leadership decision-making in the face of uncertainty.
- To recognize the phase change when uncertainty moves from a question of “if” to a matter of “when.”
- Five models of provocation that leaders can use to anticipate, drive, and execute phase change to create a desired future.

Introduction

Kids love rollercoasters. They just love them. Although they exhibit patience for nothing else, they are willing to wait in a long line just to get a few minutes of thrill. They smile with glee as the car grinds and clacks up the track at a snail's pace, anticipating the hair-raising freefall that comes on the other side when all that potential energy is converted to kinetic. Not knowing precisely what's coming doesn't scare them. It excites them.

In adulthood, it's safe to say one's relationship with rollercoasters changes. There are some who still love them, but experience suggests it becomes a smaller and smaller proportion of the population as we age. For those who do not enjoy rollercoasters, the thrill is gone, and the experience is quite literally the opposite of the glee of youth.

Those Who Embrace the Ride

The history of leadership is chock-full of people who look like both types of riders: those who embrace the ride and others whose fixation on each possible pitfall renders them immobile. Both groups, in past decades, have had a reliable foundation on which to "ride," with predictable outcomes linked either to carefree confidence that everything is on a safe path or obsessive over-analysis of knowable details.

But the plight of each archetype is complicated by the realities of today's environment, which are serving up increasingly unpredictable twists, crests, and dives. Leaders will have a harder and harder time anticipating and capitalizing on the peaks.

Yet, it's at these peaks when new opportunities shift from the possibility of "if" to the inevitability of "when." To make matters worse, basic human cognitive biases—fatal flaws—narrow individual and organizational peripheral vision and lead to all-too-typical dysfunction.

The best leaders rise above these constraints to gain perspective; they set aside their terror of the ride and summon their inner child, who can better deal with the twists and turns. They recognize—and even appreciate—that while they may not be able to control all the outcomes, they can plan for and control their reactions.

These days, the conviction to act—especially in the absence of perfect data—is the only way to provoke the future you desire. Action creates potential energy. Action allows you to position yourself to see the peak sooner and more clearly than others. Action gives you the power to move through

the phase change of "if" to "when" so that you can make the most use of the kinetic energy when it's released.

This is about looking forward and working through the natural human instincts that keep people frozen in place, thinking and analyzing. It is about forcefully gathering the will to act in the face of deepening uncertainty and DO SOMETHING!

PART I: PREDICTABLE PATTERNS

Patterns From the Past

When an anomaly emerges, something that might be important, the vast majority of humans behave in a persistently predictable pattern. It's as if executives are riding that roller-coaster but fail to recognize that they are in fact going up a steep slope that will at some point tip over into the ride of their lives—and not in a good way.

The potential of the trend—if it might happen—shifts to when it will happen. Too many executives fail to anticipate that phase change. They miss the trend, deny the trend, analyze the trend, or respond meekly to the trend:

Miss the trend. In general, we miss trends not because we aren't looking but because our brain processes the raw data of what we see through an unconscious filter of our own experiences. Unless you consciously learn how to turn that filter off, it can be hard to see something right in front of your nose.

Deny the trend. Denial can take many forms. People question and discredit observations. With other trends (e.g., humans' impact on climate, vaccines), that denial can include just an outright refutation of the findings. But after missing something for a long time, having it pointed out to you frequently sparks a negative response, and deniers will dig in. The lesson? People don't like to be shown they have missed something important.

(Over)analyze the trend. After a period of denial, some will turn to analysis. Executives will start to ask lots of questions about how big it is, how fast it's moving, how many people it will impact. And there are meetings . . . so many meetings . . . and all with their requisite PowerPoint decks. Some analysis leads to more analysis. The more you look at something, the more you find other ways you could look at it.

Respond meekly to the trend. Sadly, in the rare cases where executives take action—after an unduly long period of study—it's often too little, too late.

Once an ‘if’ becomes a ‘when,’ the nature of a leader’s response must change.

A chasm separates if something will happen (true uncertainty) from the uncertainty of when something will happen. This difference dictates how you act in the face of the trend, and the failure to recognize this nuance in meaning is what leads most leaders to miss, deny, analyze, and respond meekly.

These biases are the subject of Part I, which also offers solutions you can start implementing now to overcome some of these issues. Part II introduces five moves you can make, depending on whether you face an “if” or a “when.” These tools will help you avoid those biases that prevent meaningful action, expand your peripheral vision to better assess your playing field, and prompt you to actually DO SOMETHING!

On the Importance of ‘If’ Versus ‘When’

There are two phases of any trend, each characterized by the nature of the uncertainty around the trend. In the initial “if” stage, it’s still uncertain if the trend will come to fruition; in the “when” stage, the trend has progressed, gathered momentum, and crossed an important inflection point where it’s no longer uncertain whether it will come to fruition. It’s only a question of when and, sometimes, to what extent.

Once an “if” becomes a “when,” the nature of a leader’s response must change. The opportunity is to focus on the moves you can make that will shape the trend to create a better future, one where your organization is advantaged.

The “if-to-when” shift is similar to a rollercoaster. That big initial climb as a cable pulls the car up the hill is the “if” stage. The rollercoaster cars are building up a ton of potential energy, and if they stop, they might just slide backwards.

But when the cars get to the peak and start to tip, that potential energy becomes kinetic and the momentum takes the cars through loops, twists, and turns, seemingly with a life of their own. Once you hit that inflection point, the “when” stage kicks in. During this transition, the critical question is how long it will take for the trend to resolve into inevitability.

The Balanced Breakthrough Model

While it’s impossible to be exhaustive about all the mechanisms that might be at play in moving from “if” to “when,” it’s helpful to lean on something from the world of design-driven innovation called the “Balanced Breakthrough Model.”

The basic notion is that a “balanced” innovation that has more likelihood of succeeding in the market will simultaneously build in aspects of desirability (the market wants it), feasibility (the innovator can produce it), and viability (the innovator can eventually make money from it).

Similarly, a trend that seems headed in the direction of checking all three of these boxes has a much higher likelihood of passing through the phase change to “when” than other, less robust trends.

Consider the launch of ride-hailing services. In markets like New York, where the existing taxi infrastructure didn’t allow for calling a taxi, or consumers didn’t find the experience clean, having the ability to hail a clean car from your phone at a similar price is unequivocally more desirable for the vast majority of consumers. It was quite predictable that ride hailing would take off quicker in markets with less attractive existing competition (other things being equal). The question was not “if” but “when.”

As a general rule of thumb, anything that has the possibility of impacting your foundational business model—or mission—should be paid particular attention to.

Personal Patterns

It happens just about every day in organizations around the world. A combination of basic human biases—fatal flaws—and organizational dysfunction mean that most businesses systematically miss the opportunity to take early action against emerging trends—whether they are still in the “if” stage or the early stages of “when.” They wait until the only choice is one of adaptation.

These fatal flaws can make the difference between an orga-

nization failing or thriving. Successfully spotting subtle—or not-so-subtle—trends that meaningfully impact the prospects for businesses is a fundamentally important capability that impacts every business, big or small, old economy or new economy, virtual or physical.

When businesses are faced with fundamental changes to the environment in which they operate, leaders have a choice—but *only if they can effectively identify the meaningful trends*. Those choices involve either riding the trend downwards, adjusting the business model to fit the emerging trend, or shaping the trend to create advantage. Let's explore several of the cognitive biases:

Availability bias. This is the tendency to rely on examples that are easy to access mentally. You've probably been in a meeting where someone would say something like, "I gave a sample to my daughter and she hated it." Although it's unfortunate that his daughter disliked the product, it certainly does not imply that research is faulty.

Egocentric bias. This is the tendency to overweight data that is consistent with one's previous point of view. The world is a muddy place, and there is often lots of data that is unclear. If you are more likely to select and use data that conforms to your view of the world, then it makes it harder for you to incorporate different views into your overall perspective.

Affect heuristic bias. This bias suggests that people base their judgments on their perceived affect toward what they are judging. Affect heuristic is a "gut" response to something that is triggered when we have strong feelings associated with the subject.

Each of the preceding three biases contributes in part to the inability of individuals to see trends that are at the "if" stage, or even the early "when" stage. The challenge of not seeing trends is further exacerbated by the human tendencies that prevent action against those trends. Several well-known biases include

Status quo bias. This is a preference for the status quo over a change. One explanation for this bias is that a deviation from the status quo is perceived by people as "losing" something—and humans are quite loss averse.

Overconfidence bias. People overestimate the likelihood that they are correctly judging a situation. Several studies have demonstrated this bias by asking people to answer questions such as how to spell words, or true/false state-

ments on general knowledge topics, and then assessing their confidence in their answers. Systematically, people overestimate their chance of being correct.

Cognitive bandwidth of leadership. Time has become the scarce resource. Most senior leaders' days are filled with meetings, travel, and meals, with not a lot of time for themselves or to think. As a result, they rarely have sufficient time to think about the future and the challenges their businesses might face in the future. Too many organizations are governed by the tyranny of the urgent.

When all of this is taken together, what do we end up with? We have people in organizations who are biased against even seeing possible impactful trends in the marketplace, just by the nature of being human—not because they are incompetent or evil.

If they do identify a trend, they are biased against seeing it as important to their business and tend to discount it entirely. And if a trend does get raised, there are considerable organizational impediments to taking any meaningful action against it.

But there are ways for companies to pursue strategies that have them adapt and thrive.

Expanding Peripheral Vision

There are tactics you can adopt that will expand your and your organization's peripheral vision so that you can see more of the playing field, and so you'll be more likely to see the "if-to-when" trends and more prepared to take on the Provoke strategies.

Embrace Diversity

One of the best antidotes to a narrowing of organizational peripheral vision is to embrace diversity. More-diverse groups are better at solving complex problems and creating new possibilities. If you diversify the group working on a problem, you'll more likely get the right answer. How does this work mathematically? Researcher Scott Page explains it using the following formula:

Group Error = Average Individual Error – Diversity

Groups benefit from cognitive diversity because each individual in the group selects different data based on their personal biases, processes that data differently based on their experiences and learned heuristics, and reaches different conclusions.

Page explained the benefit of diversity against problem solving using the simile of an episode of the television show CSI. After interviewing one witness, you have a single angle on the crime in question. You might be able to eliminate one or two suspects.

But as you keep adding eye-witnesses, each of whom had a different angle on the crime, you can incrementally eliminate suspects and are more likely to find the perpetrator. But interviewing a bunch of eyewitnesses who saw the crime from the same angle advances the investigation less.

There are things that organizations can do to take advantage of diversity they already have:

We must dispel the notion that strong leaders don't change their positions . . . or learn.

Teach productive interactions to embrace inclusion. The goal is to make sure that each member of the group is willing to *advocate* for the things they see, sharing the data and the logic for how they reached their conclusions. But, importantly, they also *inquire* about the data and logic of others, with the intent to learn about the way others perceive the world. This is a learned skill, and it takes a lifetime to perfect.

A simple reminder before every meeting goes a long way. You can say to yourself, “I have a point of view worth hearing, but I might be missing something.”

Make flexibility in thinking a positive leadership trait. We must dispel the notion that strong leaders don't change their positions . . . or learn. This is not to suggest that flip-flopping with no explanation is a desired leadership trait: That amounts to just whipsawing the organization by constantly changing your tune about an issue with no basis for the change.

However, flip-flopping when you have new information—flex-

ing your thinking in an explicable way—is absolutely a hallmark of effective leadership in the face of accelerating change.

There's more to being a provocateur than just being able to identify trends. You have to know what to do with them when you find them. Let's next explore five strategies for what you can do when you discover a trend that impacts your organization. How you do so depends highly on where you are in the “if-to-when” phase change.

PART II: PRINCIPLES OF PROVOCATION

Birth of a Provocation

The bombing of Pearl Harbor and the terrorist attacks of 9/11 are two of the most ingrained stories of attacks by a foreign enemy on American soil in history. The attacks share a common thread: Prevailing wisdom of the time, built on an understanding of the world, had been up to that point overshadowing the voices of those raising the alarm to the potential danger.

Many may be familiar with the failure to collate related intelligence warnings prior to the 9/11 attacks but are less aware that the attack on Pearl Harbor had its own warnings that were ignored. At the core of this breakdown was an idea—fueled by historical precedent, conventional wisdom, and basic racism—that the Japanese military simply did not have the wherewithal to attempt such an aggressive and ambitious operation.

The failure of the United States to anticipate and prepare for Pearl Harbor is a prime example of what happens when orthodoxy based on past experiences and embedded belief systems congeals to create an inability to act. Many boardrooms and C-suites are beset by the same issues.

The call to action for all leaders today is to provoke a better future—and if you're a business, a better future means one in which you are advantaged.

The Provoke Quintet

There are five general models of provocation:

- **Envision:** The foundational provocation that allows you to see the future(s) that could emerge over time.
- **Position:** Situate your organization to take advantage of the emerging future(s).
- **Drive:** Directly create an impact that is advantageous to you.

- **Adapt:** Shift your business model to best fit the inevitable outcomes, moving as quickly as possible to create advantage.
- **Activate:** Trigger a network or knock-on effect—often through an ecosystem—that stands the highest chance of leading to your desired outcome.

Let's dive into these in more detail.

Envision: Seeing the Future

Any successful envisioning exercise will allow you to accomplish three things. First, it will help you understand your frame of reference through a desired outcome. Second, it will help you develop scenarios and place initial bets. Third, it will enable you to identify signposts and leading indicators of how the future is unfolding to track over time, setting yourself up to course-correct as necessary. Consider these three steps:

Create a focal question that allows for consideration of a diversity of desired outcomes. The trick is to effectively translate your desired state into as concrete a focal question for consideration in your scenario development as possible, one that specifically addresses the decision you need to make. It should allow for flexibility to explore the rosier of plausible scenarios you desire, but also encompass alternative futures that do not work in your favor.

Develop scenarios and place initial bets. Most organizations prize the ability to see into the future with certainty through ever-more sophisticated access to data and analytical techniques. For the increasingly complex environment in which most companies operate today, that's simply not possible. Instead, the purpose of scenarios is to "imagine with confidence" rather than bulletproof certainty.

At the heart of good scenarios lies a comprehensive understanding of all the driving forces that might impact the desired outcome and focal question. Those forces must be sorted and narrowed to focus only on the forces that will have meaningful impact on the focal question, honestly and confidently declare which of them are already in the "when" phase and should not be treated as uncertain (except regarding timing), and result in a subset of the highest-impact forces that are genuinely uncertain (i.e., in the "if" stage).

Identify leading indicators to track over time, enabling course correction as necessary. The final stage of a good envision provocation establishes what we should be paying attention to as we manage through the

face of uncertainty. These are leading indicators (primarily quantitative) and signposts (primarily qualitative) that we need to build sensing systems to monitor in an increasingly intuitive way over time. These indicators and signposts provide the backbone of a sensing system that will be one of the best sources of information about when uncertainties are resolving into trends.

Position: Preparing for the Change

When you are still living in the uncertain "if" phase, there are three actions you can take to simultaneously try to provoke a phase change to "when" and try to understand when you have entered that phase change. The trick is to execute them with foresight and purpose.

Situate. With a sense for how the future might unfold through different scenarios, actions that help situate you are ones in which you place bets that maximize the likelihood that your future desired state comes to pass.

Frame. Once you know what you are trying to achieve and are in a position to take action, you need to frame an experiment in a way that will give you data on whether a hypothesis is coming true and/or whether you can catalyze events in a way that will lead it to come true.

Test. Testing is, of course, execution of the designed experiment. But the active work in this provocation goes beyond just pulling the trigger. It largely consists of constantly monitoring outcomes in a way that allows you to place new bets, frame further experiments, and launch new tests until you shift from "if" to "when."

The key distinguishing feature of these three moves in the "if" phase is that you need to treat them as a system, interconnected and often executed repeatedly in a series.

Betting on the Business Model

In early 2008, four classmates at Wharton Business School, Neil Blumenthal, Andrew Hunt, David Gilboa, and Jeffrey Raider, wondered why prescription eyeglasses were not sold online. It's not that others hadn't had the same thought, but most believed such a business model was unsustainable. The eyewear market was characterized by a very small number of large global players controlling nearly all name-brand frames and distribution channels. Barriers to entry were high, to say the least.

Additionally, the idea of buying eyewear online, a deep-

The act of adapting to a foregone conclusion that doesn't favor you is the hardest provocation of all.

ly tactile purchase, seemed doomed to fail in the earlier e-commerce days, when buying books online made sense but—for example—personal fashion didn't. But there were signs that might change.

Ahead of many others who had likely explored the market, the four co-founders were able to both sense and demonstrate that high-touch retail experiences could effectively transfer online. As such, they were partially the cause of this moving from an “if” to a concrete “when.” The convergence of two factors was key: the rapidly expanding e-commerce market and Americans' growing comfort with online shopping, and an eyewear industry with bloated “middle-man” costs that was ripe for disruption.

Against the backdrop of this landscape, Warby Parker launched a vertically integrated company that eliminated waste in the distribution system through a direct-to-consumer model, passing savings on to consumers. This, coupled with a deep passion for customer experience and a willingness to respond to feedback and iterate, has driven much of the success of this company—valued in late 2020 at a remarkable \$3 billion.

Much of the company's continued success comes from a willingness to continually design, test, and reposition in response to the market.

Drive and Adapt: Taking Control

The best provocateurs bring a combination of foresight, well-timed action, and a constant attention to “what's next” in the market to constantly work the swirl between catalyzing the world they envision and riding the waves that they make.

Drive

Drive is when a single organization can have a meaningful impact on the outcome of a broader trend, where an actor has the opportunity to “just do it.” Often, if you catch a trend early enough in the phase change, you may have a slightly higher ability to influence the outcome.

But Drive is also the move that requires the most confidence

and commitment to seeing it through, even in the face of plenty of evidence that the move is anything but a sure thing.

With the platform company Tencent and the app WeChat, Ma Huateng (aka Pony Ma) has changed the face of communication.

Pony Ma was in the ideal place at the ideal time, living through China's rapid rise from an agrarian society to an industrial powerhouse that became the world's factory in just less than 40 years. Ma recognized how quickly society and people within it will adapt and adopt new ways of doing things that clearly make their lives better.

The phase changes that Ma recognized in or around 2010—and positioned himself and his company to take massive advantage of—were the rise of the smartphone as the primary mechanism for accessing the internet and the subsequent shift to instant messaging as a way to stay in touch. There's no doubt that the company helped lead the way as a key catalyst in the exponential rise of smartphone use.

And since then, it has always seemed to be able to stay one step ahead of the next trend. WeChat has continuously added to its wealth of offerings to lock its large, loyal user base into the ecosystem. As of 2020, the range of WeChat services includes the offerings of multiple large-tech companies in the West, including Google, Uber, SnapChat, Amazon, Craigslist, and Facebook.

Adapt

The act of adapting to a foregone conclusion that doesn't favor you is the hardest provocation of all. Sometimes, that's due to operational or positioning challenges.

But more often the biggest challenges are emotional ones, because by definition this reality is one in which you have little ability to shape a future that is advantageous to you, and a great degree of complexity in the path forward. It therefore requires an admission that your business model is no longer fit for the purpose.

While it's great to be able to see the wrecking ball coming, it's even better when you can get out of the way and configure

yourself to take advantage of the emerging trend. This requires embedding—with foresight—a plan to adapt predictably, building it into your business model from the outset.

Activate: Harnessing Your Ecosystem

The Activate provocation involves working with and through an ecosystem to get things done. It's unique from the others, however, because while the provocateur may see a very straightforward path to their desired outcome, they have little ability to directly influence—except at the very outset—whether it is achieved. At its heart, it is a move to trigger a knock-on effect that, once set in motion, you just have to hope is seen all the way through.

Increasingly, ecosystems are one of the best ways to sense, respond to, and when appropriate, accelerate a phase change to a more certain—and desirable—future.

Increasingly, if an organization wants to remain competitive, it can't rely on the capabilities it can conceivably create within its four walls. Further, because of technology, it's becoming easier and easier to access the capabilities of outside organizations.

Ecosystems are not new, but in the face of this new optionality, it is newly important that leaders need to make clear ecosystem choices. The most foundational choice that organizations need to make as it relates to ecosystems is what to use them for.

What to Use the Ecosystem For

There are several factors that need to be considered when evaluating whether to do something solely in house or with

one or multiple outside parties as you try to provoke the future you desire:

- How much better (or cheaper) could we deliver against the business objective by working with outside parties?
- How quickly can we build the capability with others versus doing it ourselves?
- If we build the capability with others, can our competition access similar (or even the same) partners to build the same capability?

Ultimately, each choice needs to be examined on its own merit, and sadly, there is no simple formula. There is one rule of thumb: If the capability is a critical part of delivering your organization's overall differentiation, then it's more important that the capability be proprietary in nature.

If your differentiation lies, instead, in your ability to convene and lightly orchestrate the activities of many, then virtually nothing other than your word-of-mouth reputation as a force for good need be proprietary.

Action, in some ways, is nearly always superior to inaction because action provides more immediate, more valuable feedback.

Whether you're the one in charge or the newest member of a team, we will all live in a better world if you just go out and **DO SOMETHING!**



Geoff Tuff is a principal at Deloitte, where he holds a variety of leadership roles across its sustainability, innovation, and strategy practices. His work centers around helping clients transform their businesses to grow and compete in nontraditional ways. Steven Goldbach is a principal at Deloitte and serves the U.S. partnership as the firm's chief strategy officer. He helps executives and their teams transform their organizations by making challenging and pragmatic strategy choices in the face of uncertainty.

From *Provoke: How Leaders Shape the Future by Overcoming Fatal Human Flaws* by Geoff Tuff and Stephen Goldbach. Copyright © 2021 by John Wiley & Sons, Inc. Summarized by permission of the publisher, John Wiley & Sons, Inc. 272 pages, 978-1-1197-6447-2. Summary copyright © 2022 by Soundview Book Summaries® www.summary.com, 1-800-SUMMARY.