

NANO TOOLS FOR LEADERS®

REINVENT YOUR BUSINESS: SHAKING UP YOUR MENTAL MODELS, PART ONE

Nano Tools for Leaders® are fast, effective leadership tools that you can learn and start using in less than 15 minutes — with the potential to significantly impact your success as a leader and the engagement and productivity of the people you lead.

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THE GOAL:

Continuously refresh your thinking and that of your organization by using three methods for challenging your mental models.

NANO TOOL:

“We cannot solve our problems with the same thinking we used when we created them.” Albert Einstein

When Steve Jobs introduced the iPhone in 2007, he challenged the conventional assumptions of what mobile phones were by combining the iPod, phone, camera, and touchscreen into a single device. It was a revolutionary product — one that now accounts for more than half of Apple’s revenues. This success, like that of other Apple products, is largely attributed to the company’s ability to challenge its mental models and those of its industries.

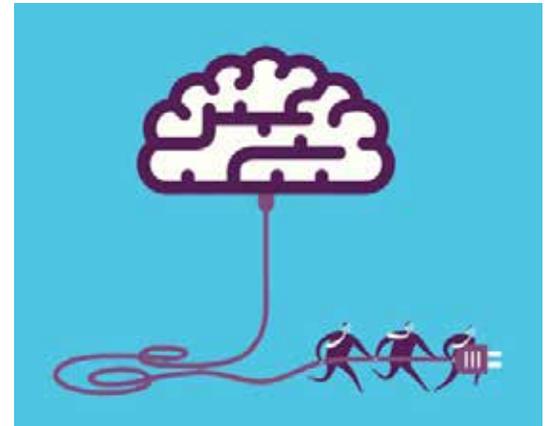
This ability is particularly important, even critical to survival, in times of change. Today that change could be considered the only constant, as revolutionary innovations continuously transform the business landscape. Social media barely existed in the early-2000s, yet it’s now one of the most important sources of marketing and advertising for businesses. Technological advancements continue to move society toward a global economy in which everyone is more connected and everything is more transparent.

Although challenging mental models is essential, it’s not an easy task — especially for large, established businesses. The median turnover rate for the Fortune 500 list is 39 per year — up from 29 prior to 1995. To remain successful, your organization needs to establish practices that help you stay ahead in today’s dynamic environment.

ACTION STEPS:

To be most effective, you need to challenge mental models on both an individual and a team basis. Consider your weekly or monthly meetings, and challenge yourself and your team to find ways to build each of these three highly effective practices into your daily lives. In part two of this Nano Tool, you will learn more approaches that can be implemented at the organizational level.

- 1. Zooming In and Out.** Whenever you make a business decision, consider the issue from both wide and narrow perspectives. Zooming out, how might the decision affect your shareholders, the community, or global markets? Zooming in, how could it impact your own life or that of a customer? Zooming in and out helps you avoid potential



blind spots and quickly identify new possibilities. It provides a reality check that ensures the decisions made by you and your team will be on track, even under shifting conditions or in complex environments.

- 2. Lessons from Winners and Losers.** As you review your strategy or consider your competitive landscape, take time to learn from others' mistakes. Consider businesses that competed in the past, identify the winners and losers, and translate those examples into lessons about challenging the mental models of your company or industry. Studying the losers, you'll see why some businesses, like Kodak in photography or Sony in music, lost by not challenging their mental models. Likewise, other businesses, like Nikon, and Apple's iTunes, created game-changing strategies by thinking outside the proverbial box.
- 3. Visualizing the Future.** By visualizing yourself in five, ten, or twenty years, it's easier to see the effectiveness of your current mental models. This approach is extremely powerful on both the individual and corporate level. Envision being named "2022 Person of the Year," or being the 2020's most innovative company, and identify the publication that bestowed the award; then, try to identify the mental models that helped earn that recognition — any differences between this vision of the future and your current situation are typically due to differences in mental models. Visualizing the future challenges you to change them.

HOW LEADERS USE IT (OR SHOULD HAVE USED IT):

- In response to the BP oil rig explosion in 2010, the company's then CEO Tony Hayward did what any executive would have done: he worried about the negative impact on his company. Believing this was his primary concern, he zoomed in on the details of how the crisis would affect his company and his life, overlooking the full impact of the crisis. If he had zoomed out and surveyed the big picture — the environmental damages, the human devastation, and the overall gravity of the incident — he wouldn't have angered hundreds of thousands of Americans or been pressured to resign. Zooming out also could have helped him realize that the company's share- and stakeholders deserved his attention too, and adjusted his actions accordingly.
- Zappos.com became the largest online shoe store by challenging the mental model of how customers buy shoes. Department stores once had a commanding market share in the industry because they provided the only shopping experience consumers were familiar with. Zappos countered their advantage by selling its products online, offering free shipping both ways to encourage shoppers to try their selections at no risk. By keeping a virtual store and relying on word-of-mouth advertising, Zappos was able to significantly minimize its costs and win market share from the former leaders of the industry.
- In 2004, virtually no one knew who Mark Zuckerberg was. The Harvard student was studying psychology and computer science while writing code for a website initially called Thefacebook. Zuckerberg visualized himself making the world more open and putting information dissemination in the hands of individuals rather than a few media companies. That mindset and foresight guided him to achieve his goals: today the wildly successful Facebook boasts 1.35 billion users worldwide each month, and a 2013 study noted that one third of adults in the U.S. get news from Facebook.

ADDITIONAL RESOURCES:

- *Anticipate: The Art of Leading by Looking Ahead*, Rob-Jan de Jong (AMACOM, 2015). Provides proven techniques for looking ahead and exploring many plausible futures — including the author's trademarked FuturePriming process, which helps distinguish signal from noise.

- *The Power of Impossible Thinking: Transform the Business of Your Life and the Life of Your Business*, Jerry Wind and Colin Cook (FT Press, 2006). Offers a practical guide for understanding the powers and limits of mental models, and for making better sense of, and better decisions in, our rapidly changing environment.
- Jerry Wind is faculty director of [*Wharton Fellows: Master Classes and Networking for Senior Executives*](#), and teaches in [*Global CEO Program: A Transformational Journey*](#) and [*LinKS@Wharton*](#).

ABOUT NANO TOOLS:

Nano Tools for Leaders® was conceived and developed by Deb Giffen, MCC, Director of Innovative Learning Solutions at Wharton Executive Education. It is jointly sponsored by Wharton Executive Education and Wharton's Center for Leadership and Change Management, Wharton Professor of Management Michael Useem, Director. Nano Tools Academic Director is Professor John Paul MacDuffie, Professor of Management at the Wharton School and Director of the Program on Vehicle and Mobility Innovation (PVMI) at Wharton's Mack Institute for Innovation Management.