MANAGERS THE DAY AFTER TOMORROW

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RIK VERA MARGERS THE DAY AFTER MOUNDI

Connect to many Engage individuals





I am writing this foreword on 21 March 2018. I am in Miami. Outside, it is summer.

I have begun a new version about thirty times so far. Each time I start by making a list of the people I shouldn't forget to mention. But the list just keeps on growing. Unfortunately, that doesn't mean the likelihood of forgetting someone gets smaller. Quite the reverse. Worse still, the length of the list is inversely proportional to the possibility that the person I forget will hold it against me.

Where I am, who I am and the fact that my daily activities coincide almost exactly with that 'who I am' is not something I can take all the credit for. I am a dreamer. Full stop.

This book is a kind of summary, a compilation of everything that has happened before. It is the product of all the people I know and all the things that have happened in my life so far. Not my choices. I have never been good at making choices. I am water, and the people around me have guided the flow. Some more profoundly than others. I make no distinction between positive and negative. Everyone and everything has played a role.

I would like to thank you all. For the warmth. For the support. For the love. Dreamers need that.

We have a crushing responsibility. We need to shape the world for the sake of our children and grandchildren. All of us. Including the managers of today and tomorrow. I hope they will do so with The Day After Tomorrow in mind. I hope that they can help their companies adapt to the new world in which my grandchildren will grow up.

With this in mind, I dedicate this book to Line and Nout, my grandchildren.

'History doesn't repeat itself, but it often rhymes.'

MARK TWAIN

PROLOGUE BE ONE OR BE ZERO

January 2018. The dark sky of a short winter's day, full of scudding clouds, with a splash of blue here and there. Orange too. And red. Perfectly normal for this time of year. Several chapters of this book are already on my hard drive. A book in the making. Some of these collections of words and ideas look more like a proper chapter than others. Some still need polishing up. Quite a lot of polishing up. Others are more or less ready, at least in terms of content. Or that is what I thought when I wrote them a couple of months ago. However, now that I am reading them again, screen by screen, I realize that I need to revise and rebuild much of the text. Time corrodes both content and structure. Today, faster than ever before.

I try to think of new building blocks and how I can fit them together. I check to see where I don't have enough material and where I need to scrap things. Too much or too little. Up to date or out of date. Believe me, writing a book intended to serve as a manual for the managers of The Day After Tomorrow is an exercise in mental agility like no other!

What is the best strategy for the digital world? How can you deal with unpredictability? How is it possible, both as an entrepreneur and as an enterprise, to keep in sync with the outside world, the world of technology <u>and</u> the world of the consumer? Where do you focus your attention? Which of the countless possibilities do you explore? How can you redesign your company to make it sustainably relevant? Which technological wave do you need to surf? What do you have to build up and what do you have to tear down?

The questions I want to answer are already in my head... plenty of them. However, it is a feature of our rapidly changing world that there is no longer a single answer to any of these questions. The moment you give one, you already need to think about how you can best modify it. It is impossible to work with a prefab design when developing a strategy for the digital world. You need to build systematically, block by block, adjusting and amending as you go, so that you can keep up with the changing fashions and opportunities of the day. In this book I lay bare the vectors that govern our changing world. I also seek to explode the myths behind many of the current hypes. I will talk about mirrors, the underworld, and the overturning of the world as we know it. About *slow architecture*, about building cathedrals, about sharks and red oceans. I draw my inspiration from Gaudí, from Escher, from *Stranger Things* and from Mars.

It does not suffice to add a sprinkle of digital dust to your company. To develop an effective strategy for the digital world, you need to understand how the world is evolving beyond the limits of your classical range of vision. You need to know which forces and underground currents are influencing each other.

The digital world is turning – and will continue to turn – many of our existing realities and markets upside down. The new business models that are so successful today at disrupting the old models are, in fact, nothing more than those old models turned upside down. Even today, I meet managers and entrepreneurs who are still locked in their familiar and understandable world above the surface, without having the faintest idea of what is happening in the parallel world beneath that surface, where new subcultures are emerging and mutating at an astonishing speed.

It is not the internet that has changed the world. The world has been changed by companies who have had the courage and the wisdom to turn their thinking upside down, who have developed with, through and on the internet, but not because of it. The internet is a tool, not a cause. These companies use technology to get around the limitations of conventional business models and to combine the advantages of mass production with hyper-connectivity and hyper-personalization. Such companies do little more than mirror existing models, but the reflection this mirror casts is governed by digital laws. Typically, this kind of disrupter company remains under the radar of the established order for a long time, until they suddenly break the surface – and by then, it's too late to do much about it. Consumers, as we all know, change with the wind. As soon as they have sampled the benefits and the ease of the new mirror model, they will no longer settle for less. And we are all consumers, we all increasingly live in this crazy, new, upside-down world. In fact, we have become that world.

Companies are still far too inclined to think in terms of the product. They believe it is only possible to break open a market with radically innovative products or new technologies. That is not so. It is not about new products or new technologies. It is about changing consumer behaviour. Being one

with the customer or being zero. Maximizing value or having no value whatsoever: that is the choice facing organizations today. Companies are at a turning point, whether they like it or not. The world has been turned upside down. The top is now at the bottom, and the bottom at the top. Technology has given the customer power. The connected customer weighs his options and decides. It is he (or she, of course) who makes your marketing.

It is still possible to build new, large and successful organizations by tapping into today's saturated markets, even with what may seem like existing business models, but only if those models make optimal use of the new laws of the new world and are able to persuade consumers to make the change with you. That is the core of my book: how you, as a manager, can understand these new laws and how you can take your first steps towards this brave new world.

For some people, reading a book is a chore. For the speed-readers among you, who kick on key words and quotes, here is some advice: always look at things from the perspective of the customer. We are all people, and people can understand each other. Technology is only a threat for those who are not willing to explore its possibilities. The better you understand your customer and the closer you are able to stand by him, the easier it will be to find the right technological wave to surf, so that you will always be fully on board, living in the moment with your customer – and not after it.

Rik Vera



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'What's not going to change in the next ten years?'

JEFF BEZOS, CEO AMAZON

FAST FORWARD SLOW ARCHITECTURE

When I was looking for an image to explain to managers how they can develop a strategy for the digital world, I was suddenly struck by the idea of a great Gothic cathedral. The kind of cathedral you can see in Antwerp, Cologne, Reims, Chartres or York. These cathedrals were built to the greater glory of God, who lived, of course, in heaven. This meant they had to be as tall as possible, reaching as near to heaven as they could. Successive layers of arches and high stained glass windows served to strengthen this sense of the vertical.

The building of these Houses of God spanned a number of generations, sometimes even centuries. The original design evolved as time passed and fashions changed, and was strongly influenced by the funds available, the wishes of the people commissioning the work and new technical insights. In most of these cathedrals, like the Cathedral of Our Lady in Antwerp, built between 1352 and 1521, you can usually see a series of different architectural styles, built one on top of the other, both inside and out. The same applies to the materials used. In Antwerp, no fewer than thirty different types of sandstone were used in the cathedral's construction. Similarly, the best available building techniques of the moment were employed. These kept pace with the progress of the church and were sometimes developed specifically, when a seemingly impossible technical problem was encountered. However, finding a solution was only possible by moving beyond 'traditional' patterns of thinking. One insight led to another.¹

Interesting detail about the Cathedral of Our Lady in Antwerp: unlike most others in northern Europe, it was not built on the remains of an earlier Romanesque church. It was actually built *around* a Romanesque church, which was only demolished in 1487, when the cathedral was already half completed. In other words, for 125 years the people of Antwerp worshipped their God in a church that was surrounded by a construction site! What is more, a construction site where there was constant activity: an adjustment here, a different function there and new techniques almost everywhere. Renovation sometimes even had to be carried out on the parts of the structure that had already been completed.

None of these cathedrals were built according to an ideal plan. The plan simply followed customer demand. Once again, Antwerp is typical. Its layout was altered several times. Economic growth in the course of the two centuries of its construction made the local guilds and craftsmen wealthy, so that they each wanted their own chapel or altar. As a result, the church had to be made longer and wider than originally planned.²

Ideally, a Gothic cathedral should have seven towers: two at the front of the nave, four to mark the transept and one to rise above the crossing. Once again, none of Europe's Gothic cathedrals have this configuration. In other words, none of them were completed the way originally envisaged. The image we see today, no matter how symbolic the cathedral in question might be for its city and no matter how deeply its appearance is rooted in our imagination, is therefore an incomplete image of an unfinished building. You can regard the Gothic cathedrals as a 'work in progress', an expression in stone and glass of the evolving economic and political history of a city or region, up to the point where that evolution came to an end, either because the money ran out or because consumers now wanted something different in other markets.

'THE BUILDING OF A COMPANY IS LIKE THE SLOW BUILDING OF A CATHEDRAL -ONLY FASTER.'

Why am I telling you this story of the cathedrals? The answer is simple: to make clear that there is a parallel with how a company can and should be built in our changing world. To begin with, you need a ground plan, an objective and some foundations. Once you have these, you can set to work, sometimes on top of or around an existing business model, sometimes alongside it, but always with

the same progressive insight at the heart of all you do. From the very first moment, you need to be aware that the plan, the technology, the techniques and the tools will all change dramatically as your project – whatever it might be – progresses in the months and years ahead.

Building a cathedral is a lengthy process. Companies in the modern world need to move much faster and must be able to recognize (and respond to) the rapidly changing demands of fickle consumers. If you fail to mir-



Fast Architecture versus Slow Architecture

ror what your customers want, you will be lost. The need for progressive insight remains a constant.

Smart entrepreneurs make use of what I call *fast forward slow architecture*. For me, *slow architecture* is the architecture of progressive insight. First, there is the dream. Next, the rough plans and budgeting. Only then can you implement your project, using lots and lots of progressive insight, applied with maximum flexibility. The building of a company is like the slow building of a cathedral – only faster.

In Barcelona you can see a real-life example of *slow architecture*. Since 1882, work has been taking place on the construction of the *Basilica i Temple Expiatori de la Sagrada Familia*, the vision of a brilliant but eccentric genius, Antoni Gaudí. It is a church of reconciliation, and, according to the laws of the Catholic Church, such churches must be financed entirely by the donations of the faithful. This makes the Sagrada Familia perhaps the most famous unknown crowdfunding project avant la lettre in history! The official date for its completion is to be somewhere in 2026, but it might just as easily be later. 2026 would be appropriate, because it is a significant date on the Gaudí time line. On 7 June 1926, the absent-minded Gaudí accidentally walked under the wheels of Tram No. 30 at the corner of Gran Via and *carrer* Bailén.³ He died three days later.

Gaudi is often called an architect, but that is not really what he was. An architect draws a detailed plan, has everything calculated down to the finest detail by engineers, and makes a specification in which the materials and techniques to be employed are listed exhaustively. Gaudí did none of that. He was a man of philosophical concepts, a man with images in his

head, which he visualized for others in a few brief sketches and simple models, but always infused with his keen sense of progressive insight. For Gaudí, there was no difference between the structure of a building and its decoration.⁴ Everything was a single organic entity. The Sagrada was his vision of what a basilica should be, developed on the earlier foundations of his predecessor Francisco de Paula del Villar – who was a more traditional architect – and constructed with little thought for margins of safety, relying instead on a kind of improvised experimentalism. It was not until 1906 that a definitive plan was finally agreed upon – 24 years after the first stone had been laid.

Gaudi worked on the Sagrada for 43 years. From 1914 onwards, he was active there almost non-stop.⁵ In his final years, he even lived on site, so that he would lose as little time as possible. All the work that has been carried out on the church since his death in 1926 is based on an interpretation of Gaudi's general design, detail plans and plaster models. If the pace of this work has speeded up in recent years, this is not only due to an increase in the number of donations, but also to the use of simulation software from the aviation industry, which allows the engineers to make accurate calculations for Gaudi's organic twisted columns and his hyperboloid and hyperbolic paraboloid roof vaults.⁶

Gaudi followed formal architectural training at the Escola Technica d'Arquitectura, but found it a waste of time. According to him, it lacked all creativity. He thought he was light years ahead of the limited insights of his teachers and he had no qualms about telling them so. When Gaudí graduated in 1878, the school director Elie Rogent said: *'He aprobado a un loco o a un genio'* (I have just given a diploma to someone who is either a fool or a genius).⁷

When I first visited Barcelona in the 1980s, you could still wander around the building site, more or less undisturbed. However, then the tourists started to arrive, in ever greater numbers, especially since the Olympic Games in 1992. Today, people from all over the world come to Barcelona – in droves. Some 4.5 million tourists now visit Sagrada Família each year, twice as many as a decade ago.

In the museum I was able admire the master's dark, almost abstract drawings, the contours of what Sagrada Família must one day become. The museum is still there, but nowadays you need to reserve your ticket and a time slot online. I can still remember the high, vaulted spaces and, above all, Gaudi's hanging chain models, which he made in mirror image (standing

over mirrors to do it), using pieces of cord and chain, from which he hung little bags filled with lead pellets.⁸ In essence, the Sagrada was designed upside down and then hung from the ceiling.

Gaudi devoted ten years of his life to perfecting his 'hanging chain' method of design, which would serve as an upside down version of the arched forms he sought. You first trace the outline of the ground plan, the basic idea of the building you have in your head, on a wooden board. Next, you fix this wooden board to the roof, so that you can start hanging chains with small weights attached to the points where the columns and arches must come. This creates a hanging, three-dimensional model of the idealized form for those columns and arches. All you then need to do is measure everything, photograph the model from various angles, turn the resulting images upside down, and then you can get started with the actual construction. Sounds simple? Perhaps – but it is not. It is science and mathematics at the highest level. Gaudi's discovery still influences scientists today, so much so that in 2004 MIT offered a workshop based on his methods!⁹

So when you stroll through the Sagrada Familia, admiring the forest of columns and pausing to glance up at the undulations of the vaults, remember that you are actually looking down into the depths rather than up into the heights, and that you are walking upside down in an upside down world. Once you come to accept this notion, a whole new universe will open up for you.

When I tried to explain to a group of managers a few weeks ago that building a strategy for the digital world is similar to the accelerated slow building of a cathedral, with *fast forward slow architecture*, I used this image of the Sagrada basilica as a metaphor for the challenges they face: building with a vision, with a basis inherited from elsewhere, with an initial but incom-



'TURN YOUR BUSINESS MODEL UPSIDE DOWN. OR TURN IT BACK TO FRONT. LOOK AT WHAT IS - AND THEN DESIGN ITS MIRROR IMAGE.' plete plan and with a huge amount of progressive insight. The originality of Gaudi – his 'out-of-the-boxness', if you like – was his revolutionary new method of design. You can compare him with Elon Musk and his remarkable dreams. Or with Steve Jobs and the way he gave instructions to his people: just a brief sketch of an almost unachievable goal, to serve as an image that people can then work towards.

I want to help you as a reader to gain access to a changing world, to a world where an inverted form of logic applies that is different to the world you know and are familiar with, a world that is a mirror image of today's tried and trusted models and which uses existing elements in radically different ways.

As a manager in the Age of the New Normal, it is smart to learn to think like Gaudi. Turn your business model upside down. Or turn it back to front. Look at what is – and then design its mirror image. Reverse traditional rolls. If a chain currently runs from left to right, let it run from right to left – or vice versa. Or turn it upside down. Or around. But always with the customer in a central position. Think about existing technology and which bits of it are necessary to successfully implement your mirror-image plan. It is that inverted image, the image behind the mirror, that I want you to grasp from this book.