



## It's Time for a Behavioural Revolution in Innovation



By Nathan Furr , INSEAD Assistant Professor of Strategy; Kyle Nel, CEO and co-founder of Uncommon Partners; and Thomas Zoëga Ramsøy, founder and CEO of Neurons Inc.

### **Transformative change requires organisations to rethink the way they envision their future.**

Innovations that provide incremental growth will always have a place in an organisation's portfolio, but sustaining a business in the long term requires bigger, more meaningful, transformational thinking.

Transformational change is about seeing a new, valuable future for your organisation and overcoming the barriers to creating it.

Unfortunately, humans are wired to fear and resist change – a trait that is amplified in group settings. We are also wired to be linear thinkers, which means we assume tomorrow will generally look like today. These characteristics make it difficult for organisations to envision what a different future would look like and even harder to create the change needed to

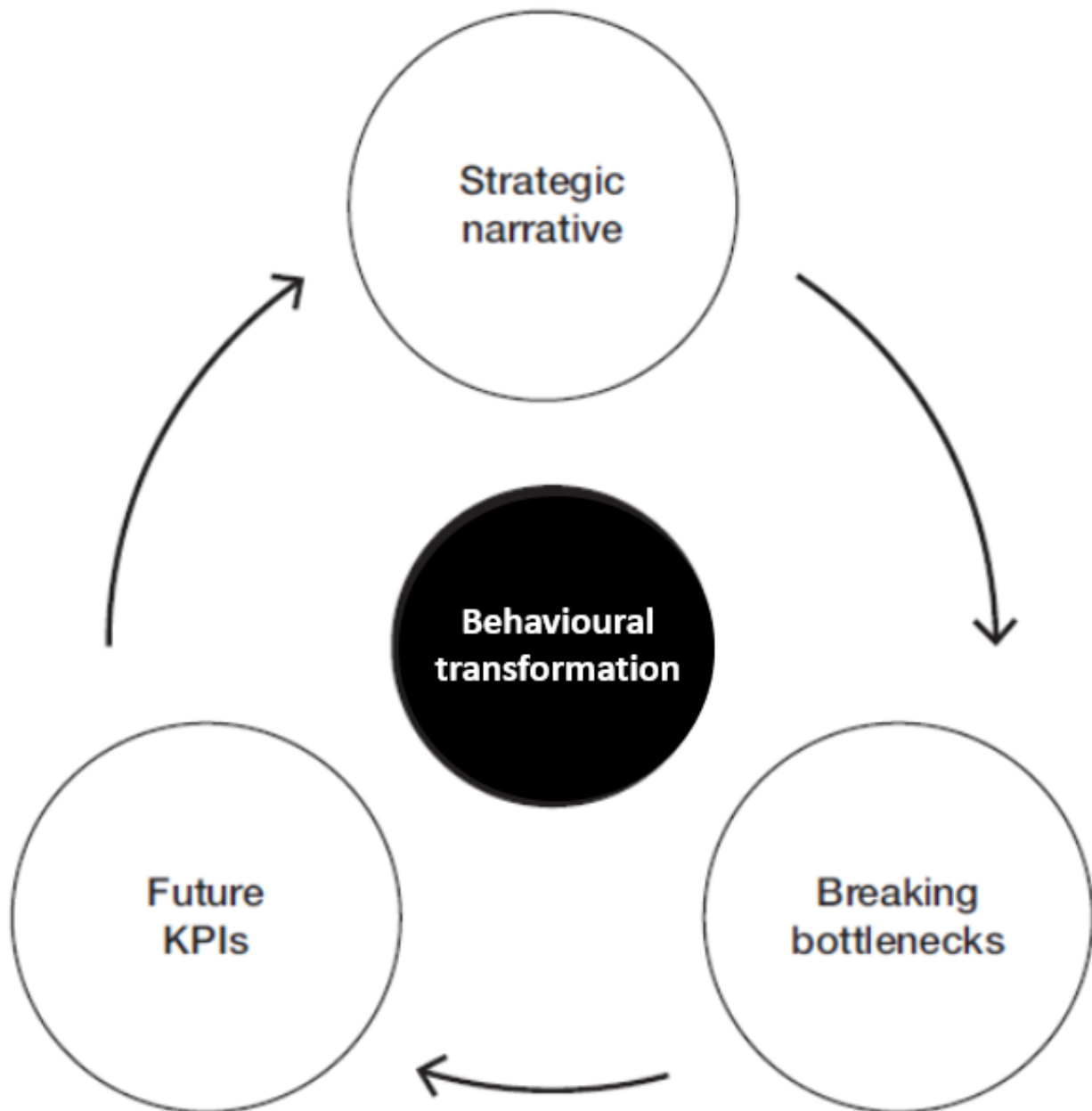
influence it.

We have developed a process to help firms better understand the cognitive biases that overvalue the familiar and stand in the way of big innovation and transformational change.

Drawing from behavioural science, the process involves three stages:

- Envisioning the future using a strategic narrative
- Breaking decision bottlenecks
- Navigating unknown territory using future KPIs

These three interrelated and iterative steps to behavioural transformation can be schematised like this:



### **Envisioning the future: Using science fiction and strategic narrative**

One of the biggest limitations to creating the future is the human tendency towards narrow thinking, or seeing only incremental improvements to the status quo. In contrast, we admire innovators like Elon Musk or Jeff Bezos precisely because they dream bigger, dare more and then inspire those around them to change the world. When interviewing Musk and his team at Tesla, what surprised us most was how Musk's vision of a renewable, electric vehicle future had infected everyone at his company.

The first step in our approach is to help organisations create their own story (or vision) for their future. Story is one of our oldest and most powerful tools. Research in neuroscience reveals that our brains literally sync when we hear stories. But we often misuse the term “story” in business settings. Instead of using narratives – with characters, conflict and resolution – we use chronologies and bullet points to persuade others. Our process involves what we call strategic narrative – a vision of the future with a narrative arc – to help teams envision what they could do and believe in it enough to take action.

To craft strategic narratives, we often begin by using tools like science fiction, analogies or first-principles thinking to break free of the incremental thinking that traps us. We can then see what else is possible.

Early sci-fi authors have inspired some of the world’s greatest technologies. Just think of the submarine (Jules Verne), the mobile phone (Star Trek), self-driving cars (Isaac Asimov), earbuds (Ray Bradbury) and atomic power (H. G. Wells).

Good science fiction considers the human elements of technology and change before wrestling with its implications. It gives us the ability to see further and understand what problems need to be solved. Creating a science-fiction story or narrative around a company’s needs, existing customer data and technological trends can help suspend disbelief and inspire people to abandon the status quo.

When assisting Lowe’s, the North American home improvement company, we worked on a speculative fiction comic book based on the company. The book inspired the executives to look beyond small incremental change. As a result, Lowe’s became among the first retailers to deploy fully autonomous robots for customer service and inventory. It also created some of the first 3D printing services and placed a 3D tool printer on the International Space Station.

### **Overcoming decision bottlenecks using artifacts**

Developing the story may be the easy part. Navigating the motivations, politics and routines to convince decision makers in any big company is more difficult. Decision bottlenecks have derailed many good initiatives.

The first step to eliminate bottlenecks is to ask a simple question: “What kind of organisation do you work in?” This can reveal deep insights about an organisation’s values and dominant nomenclature – the way people talk about what they value and do. These insights hold the key to frame the organisations’ narrative in a way its people can easily understand.

The next step is to map out the organisation’s informal and formal decision-making process and identify the individual archetypes – the primary roles that decision makers play – and where they sit in the key decision holdups.

By combining these two elements, it is possible to tell your story in a way that will persuade the right people to support and help facilitate the transformation.

## **Navigating the future**

When moving into an unknown area of business, it is important to develop new sign-posts (data-driven indicators). These will ensure you are on course, help guide choices and create confidence that the organisation is heading in the right direction.

Existing measurement tools, such as A/B testing and focus groups, which have been developed to assess past performance, are unreliable indicators when it comes to an uncertain future. The most valuable way to navigate the unknown is to rely on applied neuroscience.

Neuroscience experiments provide precise, data-driven measures of users’ subconscious reactions to a new product or idea. While still a relatively new field, it is leveraged by some of the world’s most innovative companies. IKEA, for example, has used high-resolution EEG headsets and eye trackers to test customers’ reactions to radical new concepts, such as home solar offerings or a shift to renewable plastics. By correlating customers’ reactions with a huge behavioural database, IKEA was able to pinpoint which business models customers were likely to accept, reject or simply adopt in a few years, after having some time to adjust.

## **Creating your own future**

These are just a few of the tools to effectively drive meaningful, sustainable change as detailed in our book [\*\*\*Leading Transformation: How to Take Charge of Your Company’s Future\*\*\*](#). Before unleashing bigger ideas – what Google refers to as “10x thinking” – an organisation must check its mindset.

Creativity requires a breakdown in the bonds that limit our vision and a shared understanding that there is no definite, objective future: The only future to come is the one you start creating for yourself today.

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