

GARY

HAMEL

LEADING

THE

REVO.



LUTION

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In the Age of Revolution, says Gary Hamel, it's the
incumbents against the insurgents,
the old guard versus the vanguard,
the hierarchy of experience clashing with the hierarchy of imagination.

You know which way to bet.

From the world's leading business thinker comes an action plan
for transforming companies and individuals into
industry revolutionaries.

LEADING THE REVO. LUTION



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1 **THE END OF PROGRESS**



THE AGE OF PROGRESS IS OVER.

It was born in the Renaissance, achieved its exuberant adolescence during the Enlightenment, reached a robust maturity in the industrial age, and died with the dawn of the twenty-first century. For countless millennia there was no progress, only cycles. Seasons turned. Generations came and went. Life didn't get better, it simply repeated itself in an endlessly familiar pattern. There was no future, for the future was indistinguishable from the past.

Then came the unshakable belief that progress was not only possible, it was inevitable. Life spans would increase. Material comforts would multiply. Knowledge would grow. There was nothing that could not be improved upon. The discipline of reason and the deductive routines of science could be applied to every problem, from designing a more perfect political union to unpacking the atom to producing semiconductors of mind-boggling complexity and unerring quality.

Throughout the last century progress was not simply honored, it was worshiped. A chicken in every pot? Hah! How about two SUVs in every garage? Yet progress is not quite so alluring as it once was. There is a gnawing sense that while humankind continues to improve its means, it does not always improve its purposes. Two world wars made infinitely more brutal by modern weaponry, the threat of biological and nuclear terrorism, dead rivers and butchered forests, mega-cities teeming with displaced peasants, workaholics from Tokyo to San Jose who have sacrificed health and family on the altar of prosperity: progress has exacted a price. The age of progress began in hope—it is ending in anxiety. Life is no

The age of progress began in

longer defined by the gentle meandering of the seasons, but by the pell-mell pace of “Internet time,” where time is measured in dog years.

The age of progress has been a stern taskmaster—and never more so than in recent times. Employees around the world have been strapped to the wheel of continuous improvement. With eyes glazed, they have repeated the mantra: faster, better, cheaper. Employees have found themselves working harder and harder to achieve less and less. That’s the reward for surviving the downsizing, outsourcing, and restructuring that have so dramatically thinned the ranks of industrial-age companies. No wonder *Dilbert’s Management Principles* is the best-selling business book of all time. Humor cloaks anxiety and gives voice to cynicism.

And the late twentieth-century version of progress has made us cynical. We were promised relief from tedium; we got the white-collar factory. We were promised a degree of autonomy; we got binders full of corporate policy. We were promised a sense of true purpose; we got the tyranny of quarterly returns. We were promised the chance to contribute; we got endless meetings where form regularly beat substance to a pulp. We were promised an outlet for our creativity; we got reengineering. We are often called “associates,” but we are nonetheless as expendable as worn-out machines. Yeah, our backs are straighter—the age of progress lightened the physical load—but our minds are numb and our spirits anywhere but at work.

THE AGE OF REVOLUTION

We now stand on the threshold of a new age—the age of revolution. In our minds, we know the new age has already arrived; in our bellies, we’re not sure we’re going to like it. For we know it is going to be an age of upheaval, of tumult, of fortunes made and unmade at head-snapping speed. For change has changed. No longer is it additive. No longer does it

move in a straight line. In the twenty-first century, change is discontinuous, abrupt, seditious. In a single generation, the cost of decoding a human gene has dropped from millions of dollars to around a hundred bucks. The cost of storing a megabyte of data has dropped from hundreds of dollars to essentially nothing. Global capital flows have become a raging torrent, eroding national economic sovereignty. The ubiquity of the Internet has rendered geography meaningless. Bare-knuckled capitalism has vanquished all competing ideologies and a tsunami of deregulation and privatization has swept the globe.

hope—it is ending in anxiety.

It's not that things never changed in the age of progress; they did. Old companies faded away—remember American Motors?—and new companies emerged. It was a world of punctuated equilibrium. Change happened by degrees and seldom shook the foundations of the industrial order. Today we live in a world that is all punctuation and no equilibrium. We are witnessing a Cambrian explosion of new competitive life forms. In this new age, a company that is evolving slowly is already on its way to extinction.

The New Industrial Order

Out of the age of progress came a world of industrial giants: Mitsubishi, ABB, Citigroup, General Electric, DaimlerChrysler, DuPont, and their peers. These companies harnessed the disciplines of progress: rigorous planning, continuous improvement, statistical process control, six sigma, reengineering, and enterprise resource planning. Decade after decade they focused single-mindedly on getting better. If they happened to miss something that was changing in the environment, there was plenty of time to catch up. The advantages of incumbency—global distribution, respected brands, a deep pool of talent, cash flow—granted them the luxury of time. For instance, although Apple Computer got an early start in the microcomputer business, IBM quickly reversed Apple's lead when it threw its worldwide distribution might behind the PC. But in a world of discontinuous change, a company that misses a critical bend in the road may never catch up. Consider these examples:

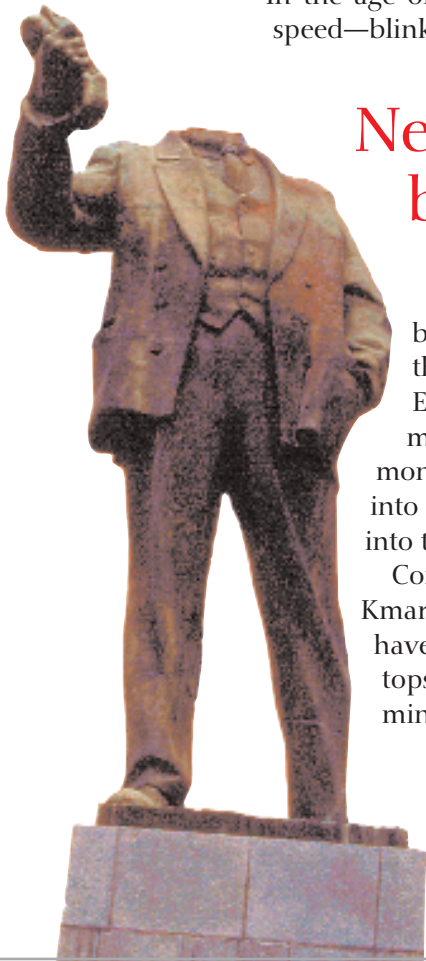
- Motorola, the world leader in the cellular telephone business in the early 1990s, missed the shift to digital wireless technology by a couple of years—too bad, game over, Nokia wins. In that sliver of time, this hitherto unknown company, perched on the edge of the Arctic circle, became the new number one. A decade earlier Nokia had been making snow tires and rubber boots; suddenly it was one of Europe's fastest growing high-tech companies. For Motorola, climbing back onto the digital change curve will be an exhausting uphill slog.
- Want to build a great Internet portal site? Sorry, too late. If you're an incumbent like Sony or Bertelsmann and you want to grab a few million on-line eyeballs, you're going to have to write a check for a zillion dollars or so and give it to a twenty-something kid who's managing a company that is hemorrhaging cash. The portal business is consolidating just as fast as it took off.
- In recent years Nike has learned a painful lesson about the attention span of 14-year-olds. They're no longer badgering their parents to lay down 100 bucks for a pair of Air Jordans. To them, Michael Jordan, Nike's heavily marketed basketball hero, is a wanna-be golfer hoping for a shot at the PGA Senior Tour. Their sneakers of choice—at least for the moment—are Vans and Airwalks.

In the age of revolution, opportunities come and go at light speed—blink and you've missed a billion-dollar bonanza.

Never has incumbency been worth less.

Schumpeter's gale of creative destruction has become a hurricane. New winds are battering down the fortifications that once protected the status quo. Economic integration has blown open protected markets. Deregulation has destroyed comfortable monopolies. The Internet has turned bricks and mortar into millstones. And venture capitalists pour millions into terrorist training camps for industry insurgents.

Compaq, Novell, Westinghouse, DEC, TWA, Kodak, Kmart, Nissan—these and a hundred other incumbents have found themselves struggling to stay relevant in a topsy-turvy world. Just as the Age of Reason undermined the authority of organized religion in matters



secular, the age of revolution will undermine the authority of the world's industrial incumbents in matters commercial.

Consider some evidence. If you're an American over the age of 40, you may remember Main Street—that humble row of shops operated by neighborly souls who knew your kids by name and catered to your every need. All that is gone now, replaced decades ago by look-alike shopping malls with Sears at one end, J. C. Penney at the other, and a row of specialty shops such as B. Dalton and KB Toys in between. Then, when you weren't looking, those suburban malls started down the long road toward retail irrelevance. Category killers like Toys "R" Us, The Home Depot, and Staples slowly crushed many of the specialty retailers that once made the malls work, and Wal-Mart displaced Sears as America's biggest retailer. But what's the chance that the retailing revolution stops with Wal-Mart and Toys "R" Us? None. Consumers aren't going to spend the rest of their lives wandering the soulless canyons of Target and Wal-Mart to save a couple of bucks on a hammer. Woolworths never escaped Main Street. Sears got stuck in the mall. And all those "big box" retailers afloat in a sea of asphalt will one day find themselves on the wrong side of the Internet-enabled revolution. Within a month of its launch, eToys gained a market capitalization bigger than that of Toys "R" Us. Indeed, it is interesting to note that, with only one or two exceptions, there is not a single market leader in the off-line retailing world that leads its category on-line. Most of the old-line companies just didn't move quickly enough. They weren't revolution-ready.

Freeserve plc, a British upstart, launched its free Internet access service in September 1998. Nine months later it had won 1.3 million users and displaced AOL UK as the largest Internet access provider in Britain. Freeserve's innovation was to provide a no-cost Internet service, taking instead a small percentage of each user's phone connection charges. (In the United Kingdom, every phone call is billed by the minute.) At the end of its first day as a publicly listed company, Freeserve was valued at £2.07 billion, or \$3.29 billion. Having questioned the sustainability of the Freeserve model, AOL was forced to follow suit, and announced it too would offer a free Internet access service.¹ Whether Freeserve actually lives up to its initial valuation is quite beside the point. What is indisputable is that revolutionaries like AOL are just as vulnerable to radical new business models as flabby geriatrics. If your company is more than a day old, it's already an incumbent!

You can call it the "new economy," or the "digital economy," or the "post-industrial economy," but it's more than that. The collapse of communism gave us a new *world* order. The collapse of incumbency is giving us a new

industrial order. Hundred-year-old companies with venerated brands are as vulnerable as yesterday's Internet darlings.

Royal Dutch/Shell is one of the world's premier oil companies, with a history as old as the industry. Yet one day Shell awoke to find that a supermarket, Tesco, had become the largest retailer of "petrol" in Britain, one of Shell's home markets. How do you handle that?

FIRST THE REVOLUTIONARIES WILL TAKE YOUR

You've spent hundred of millions of pounds over several decades trying to convince consumers that your brand of petrol is better than the next guy's, and suddenly it's being sold as a loss leader along with milk and eggs.

Starbucks has become America's premier coffee brand and has the most loyal clientele of any retailer in the United States. The average Starbucks customer visits a store 18 times a month! (You'll have to find your own legal drug to sell—caffeine's already taken.)

So picture those brand managers sitting at Nestlé headquarters in Vevey, Switzerland, plotting a course for Nescafé, the best-selling coffee in the world. Do you think they ever wondered how they could entice bus drivers and schoolteachers to line up five deep to pay three bucks for a latte? No? What *were* they worrying about? What color cans to put on supermarket shelves? Their supermarket endcap displays? How to beat Procter & Gamble?

Industry incumbents often mistake historical rivals for the enemy. Go to any large telecommunications company. Find its strategic plan from 1990. Look for any reference to Qwest, WorldCom, Level 3, Global Crossing, Cisco, Williams, or Enron. You won't find any. But in 1999 there were 3,000 registered telecom carriers in the United States. There had only been 200 a decade before—*worldwide!*² Go to any grocery retailer and ask to see its strategic plan from 1998 or 1999. I'll bet it doesn't list Bechtel as a potential competitor. Yet the world's largest construction company is helping Webvan, an Internet start-up, build the distribution infrastructure for delivering groceries ordered on-line. Know this: whoever you think your competitors are, they aren't.

In the new industrial order, the battle lines don't run between regions and countries. It's no longer Japan versus the United States versus the European Union versus the developing world. Today it's the insurgents versus the incumbents, the revolutionaries versus the landed gentry.



Industry revolutionaries will exploit any protective urge, any hesitancy on the part of the oligarchy. Any attempt to hunker down, to fall back and regroup, or to disengage will be seized as an opportunity to claim more ground. First the revolutionaries will take your markets and your customers. Southwest Airlines might have started in Texas, but it's not just serving the southwest any more. Next they'll take your best employees. When senior execs who *used* to work at AT&T, Apple, Xerox, Times Mirror, Andersen Consulting, and other venerable companies start leaving for the "left coast," you know something's afoot. In 1999, 25 percent of the Harvard MBA class went to work for companies with fewer than 50 people. Twenty-five percent of Stanford's MBA graduates went to work for companies with fewer than 25 employees. In the war for talent, the insurgents have a decided advantage. Finally, they'll take your assets. How ironic that Mississippi-based WorldCom ends up

NEXT THEY'LL TAKE YOUR BEST EMPLOYEES.

taking control of MCI, a would-be revolutionary turned oligopolist. How unexpected that eBay, the Internet auction firm, acquires the third largest auction house in the United States, Butterfield & Butterfield. How weird that Ispat International N.V., a Rotterdam-based company run by a Calcutta-born businessman, buys Inland Steel Co., one of America's oldest and proudest steel companies. How strange that Newell, a company few consumers have ever heard of, acquires Rubbermaid, the company *Fortune* once ranked as America's most innovative. The barbarians are no longer banging on the gate—they're eating off of your best china. This is the old guard versus the vanguard. The power of incumbency versus the power of imagination. You know which way to bet.

FINALLY, THEY'LL TAKE YOUR ASSETS.

Simply put, never has it been a better time to be a rebellious newcomer, eager to up-end industry dogma. Qwest, SAP, Softbank, Dell, The Gap, Starbucks, MCI WorldCom, Amazon.com, Southwest Airlines—these and a hundred others are the new revolutionaries. Their success is a testament to the vulnerability of incumbents.



Limited Only by Imagination

Every age brings its own blend of promise and peril, and this age has plenty of both. But there is reason to be more hopeful than fearful, for the age of revolution is presenting us with opportunities never before available to humankind. For the first time in history we can work backward from our imagination rather than forward from our past. For all of history, human beings have longed to explore other worlds, to reverse the ravages of aging, to transcend distance, to shape their environment, to conquer their destructive moods, to share any bit of knowledge that might exist on the planet. With the Mars Pathfinder, tissue farming, video-conferencing, virtual reality, mood-altering drugs, and Internet portals,

THE GAP
BETWEEN WHAT CAN BE IMAGINED
AND WHAT CAN BE ACCOMPLISHED
HAS NEVER BEEN SMALLER.

we've begun to turn each of these timeless dreams into reality. Indeed, the gap between what can be imagined and what can be accomplished has never been smaller.

We have not so much reached the end of history, as Francis Fukuyama would have it, as we have developed the capacity to interrupt history—to escape the linear extrapolation of what was. In the age of progress, the future was better than the past. In the age of revolution, the future will be different from the past and, perhaps, infinitely better. Our heritage is no longer our destiny.

Today we are limited only by our imagination. Yet those who can imagine a new reality have always been outnumbered by those who cannot. For every Leonardo da Vinci, Jonas Salk, or Charles Babbage, there are tens of thousands whose imagination cannot escape the greased grooves of history. For though there is nothing that cannot be imagined, there are few who seem able to wriggle free from the strictures of a linear world. Like a long-captive elephant that stands in place out of habit, even when untethered, most minds have not grasped the possibilities inherent in our escape from the treadmill of progress. Yet individuals and organizations that are incapable of escaping the gravitational pull of the past will be foreclosed from the future.

To fully realize the promise of our new age, each of us must become a dreamer, as well as a doer. In the age of progress, dreams were often little more than romantic fantasies. Today, as never before, they are doorways to new realities. Our collective selves—our organizations—must also learn to dream. In many organizations there has been a massive failure of collective imagination. How else can one account for the fact that so many organizations have been caught flat-footed by the future?

THRIVING IN THE AGE OF REVOLUTION

Somewhere out there is a bullet with your company's name on it. Somewhere out there is a competitor, unborn and unknown, that will render your strategy obsolete. You can't dodge the bullet—you're going to have to shoot first. You're going to have to out-innovate the innovators. Remember the scene in *Raiders of the Lost Ark* where the villain is about to slice Indiana Jones to shreds with a couple of gleaming sabers? Unperturbed by his enemy's impressive swordsmanship, Indiana calmly pulls out his revolver and shoots him dead. That's the way it works in the age of revolution. Those who live by the sword will be shot by those who don't.

When Bill Gates says, "Microsoft is always two years away from failure," he's not defending himself yet again from the charge of being a monopolist. Gates understands the competitive reality of the new age. He knows that it's not only



product life cycles that are shrinking; strategy life cycles are getting shorter, too. An almost stupefying pace of change ensures that any business concept, no matter how brilliant, will rapidly lose its economic efficiency. The difference between being a leader and a laggard is no longer measured in decades, but in years, and sometimes months. Today, a company must be capable of reinventing its strategy not just once a decade, in the midst of a crisis when it trades one CEO for another, but continuously, year after year.

Gates isn't the only corporate leader who understands the dynamics of the new industrial order. In a Gallup survey I authored,³ approximately 500 CEOs were asked, "Who took best advantage of change in your industry over the past 10 years—newcomers, traditional competitors, or your own company?" The number one answer was newcomers. They were then asked whether those newcomers had won by "executing better" or "changing the rules the game." Fully 62 percent of the CEOs said the newcomers had won by changing the rules. Despite this, how many times have you heard a CEO or divisional vice president say, "Our real problem is execution"? Or worse, they'll tell people that "strategy is the easy part, implementation is the hard part." What rubbish! These worthless aphorisms are favored by executives afraid to admit that their strategies are

seriously out of date, executives who'd prefer their people stop asking awkward questions and get back to work. Strategy is easy only if you're content to have a strategy that is a derivative of someone else's strategy.

Strategy is anything but easy if your goal is to be the author of industry transformation. It is, however, immensely rewarding.

What could be more gratifying than putting one's fingerprints all over the future?

I like the way Bob Shapiro, the chairman of Monsanto, puts it: "I used to spend most of my time worrying about the *how*—how we did things, how we operated, how efficient we were. Now I spend much of my time worrying about the *what*—what opportunities to pursue, what partnerships to form, what technologies to back, what experiments to start." The point is simple. By the time an organization has wrung the last 5 percent of efficiency out of the *how*, someone else will have invented a new *what*. Inventing new *whats*—that's the key to thriving in the age of revolution.

In a nonlinear world, only nonlinear ideas will create new wealth.

Going Nonlinear

The signal accomplishment of the industrial age was the notion of continuous improvement. It remains the secular religion of most managers. Its first incarnation came in Frederick Winslow Taylor's scientific management. Its many descendents include the Japanese concept of *kaizen* and the oh-so-'90s notion of reengineering. Taylor is the spiritual godfather of every manager and consultant who has ever sought to describe, measure, and improve a business process.

Organizational learning and knowledge management are first cousins to continuous improvement. They are more about getting better than getting different. The final accomplishment of the age of progress was to turn knowledge into a commodity. Today you can buy knowledge by the pound—from consultants hawking best practice, from the staff you've just hired from your competitor, and from all those companies that want you to outsource everything. Yet in the age of revolution it is not knowl-

edge that will produce new wealth, but insight—insight into opportunities for *dis*-continuous innovation. Discovery is the journey; insight is the destination.

In a nonlinear world, only nonlinear ideas will create new wealth. Most companies long ago reached the point of diminishing returns in their incremental improvement programs. Continuous improvement is an industrial-age concept, and while it is better than no improvement at all, it is of marginal value in the age of revolution. Radical innovation is the only way to escape the ruthless hypercompetition that has been hammering down margins in industry after industry. Nonlinear innovation requires a company to escape the shackles of precedent and imagine entirely novel solutions to customer needs.

In *Competing for the Future*, C. K. Prahalad⁴ and I drew a distinction between numerator and denominator management. We took companies to task for focusing exclusively on cutting the denominator (capital, headcount, and investment) in their financial ratios—“corporate anorexia,” we termed it. We argued that downsizing wasn’t the only way to reap efficiency gains. If you could grow the numerator off a more-or-less fixed base of investment and headcount, you could drive productivity ever higher. Well, a lot of companies got the message. Although downsizing has continued unabated, with more than 600,000 layoffs by large American companies in 1998, there’s nary a CEO who hasn’t been fretting about how to pump up revenues. Yet growth ain’t that easy. In the summer of 1999, Procter & Gamble announced 15,000 layoffs around the world and warned investors of a potential \$1.9 billion charge against earnings. This despite the fact that in 1995 P&G set itself the ambitious goal of doubling its revenues to \$70 billion by 2005. This would have required a 10 percent annual growth rate. In 1999 P&G was a long way off that pace.⁵ With growth flagging, and stern investors demanding double-digit earnings growth, P&G bowed to the inevitable and dusted off the hatchet.

P&G’s problems with growth are not unique. It’s not easy to grow the top line with a strategy that’s “more of the same.” For some years, McDonald’s growth in the United States has been sputtering. The company introduced a new cooking system that promised made-for-you hamburgers even quicker off the grill. Will this solve McDonald’s growth problem? It might, but maybe McDonald’s should ask itself if Americans are already eating as many hamburgers as they’re ever going to. Maybe Americans have reached their cholesterol limit. In a recent survey across 20 industries, I found that only 11 percent of companies had been able to grow revenues twice as fast as their industry over a decade, and only 7 percent had been able to grow shareholder returns at twice the industry

average. The message is clear: in the absence of nonlinear innovation, industry is destiny!

The challenge is not growing *versus* cutting; it's not numerator *versus* denominator; it's not getting fatter *versus* getting leaner. Growth is *not* the antidote to cost cutting—one does not exclude the other. After all, revenues and costs play equally important roles in driving earnings. The real issue today is linear innovation versus nonlinear innovation—whether the challenge is kicking growth into high gear or taking a big chunk out of costs.

How did Dell get to the point that it was turning its inventory over five or six times faster than Compaq? This wasn't the product of reengineering; this was nonlinear innovation. Why is Internet banking inevitable? Because the estimated cost of an Internet banking transaction is 1 percent of the cost of a branch-bank, teller-assisted transaction. Whenever you take 99 percent out of the cost structure of a product or service, it's a safe bet that you're going to change the structure of competition.

In recent years, Marks & Spencer, the large British retailer, has been a laggard. Yet even in this staid and tradition-bound company you can find the occasional example of nonlinear innovation. On practically every street, in every British village, you'll find a small, family-run sandwich shop. You'll also find a Marks & Spencer food store in every British town of any size. This was an obvious opportunity for M&S, but how the company drove efficiencies into the sandwich business was anything but obvious. Listen to Martin van Zwanenberg, former division director for food technology:

At the time we entered the sandwich business I was responsible for home services technology and food technology. When I studied the sandwich business, I saw that one of the things we did was to butter the bread by hand. If we wanted to expand, this was unacceptable—we'd have to have everyone in the company buttering bread. A few days later I was visiting a supplier who makes bed sheets for Marks & Spencer. The supplier was using a silk-screen process to print patterns on the sheets. I asked the supplier whether we might borrow their equipment. A couple of weeks later, we filled up one of the ink vats with butter and screen printed butter onto cotton. Now we silk-screen butter onto bread.

Now that is nonlinear innovation. Not surprisingly, Marks & Spencer is now the leader in the U.K. sandwich business by a huge margin.

If you're trying to grow revenues or slice costs with a straight-line, incremental approach, you're going to find yourself facing an "innovation gap" with competitors who have managed to break conventions and achieve step function changes. The world is increasingly divided into two kinds of organizations: those that can get no further than continuous improvement, and those who've made the jump to nonlinear innovation.

Business Concept Innovation

Industry revolutionaries take the entire business concept, rather than a product or service, as the starting point for innovation. Revolutionaries recognize that competition is no longer between products or services, it's between competing business concepts. A few examples:

- Internet telephony is an entirely different business concept than dedicated voice networks.
- Buying books via the Internet is a radically different business model than going to a physical bookstore.
- Over the last couple of decades, banks have lost nearly half their share of U.S. household financial assets to newcomers such as Fidelity and Charles Schwab. Bankers looked at customers as savers; the mutual fund industry knew we were investors, too.
- IKEA has a high-volume business model for selling trendy but basic home furnishings that is quite unlike that of a traditional furniture store.
- No one mistakes The Body Shop for the cosmetics department of a major department store.
- Hotmail's strategy for winning on-line eyeballs—free advertising-supported e-mail—was completely different from AOL's initial approach to capturing customers—carpeting the world with AOL sign-on diskettes. In 18 months, Hotmail went from a standing start to 10 million users; in mid-1999 it boasted 40 million registered users to AOL's 18 million.
- Buying a car through one of AutoNation's revamped dealerships, with no-haggle pricing and a 24-hour service department, is quite unlike the experience you will have at a typical car dealership.
- Hughes' highly successful DirecTV service is built on a business model that has no parallel in the old world of network broadcasting.
- Downloading Barenaked Ladies (that's a pop group) off the Web via MP3 is not remotely like buying music from Tower Records or a Virgin Megastore.
- On the NASDAQ, traditional market makers are challenged by new "electronic communication networks" that offer 24-hour trading and narrower spreads.
- A host of Internet markets—covering everything from rolled steel to Java programmers—threatens to supplant fixed prices with real-time auctions.

These are examples of business concept innovation in that they are radical and systemic. They stomp all over the traditional rules of competition. Industry revolutionaries don't tinker at the margins; they blow up old business models and create new ones.

Yet there are few individuals in most organizations who think holistically about entirely new business concepts or radical adjustments to exist-

ing business concepts. In most companies, a call for “more innovation” is interpreted as a plea for new products or new features on old products. In this sense, most people possess a highly truncated view of innovation. They suffer from what I sometimes call the “Double Stuf Oreo” phenomenon. At Nabisco, innovation is when you stuff twice as much white gunk between two chocolate cookies as you used to. Don’t get me wrong. Oreos are great cookies, and Double Stuf Oreos are even better, but that is not business concept innovation—it is incremental innovation focused on a single *component* of the business model. Product innovation is still important. When, after years of trying, Clorox managed to create lemon-scented bleach, it drove the category into double-digit growth. And anyone who’s shaved with Gillette’s Mach III razor knows why it commands a price premium. Yet a product-based view of innovation is exceedingly narrow. I’m not sure that Starbucks coffee is better than what I can get in any gourmet food shop, but it’s served up inside a very different business model.

Most people possess a highly truncated view of innovation. They suffer from what I sometimes call the “Double Stuf Oreo” phenomenon.

Many also view innovation as essentially technology-led, and it frequently is. Yet business concept innovation often has little to do with new technology—think of IKEA, The Gap, Virgin Atlantic, and many other innovators that are not technology pioneers. Technology, especially information technology, is available to all. The question is whether you can apply that technology in a unique way. Most companies have been engaged in a technology arms race—each forced to match its competitors’ ever-rising IT budget. The same is likely to hold true for the billions companies are now spending on Net-related technology. Most of this investment will be focused on Web-enabling old business models, rather than on using the Internet to create radical new business models. Like Wal-Mart or FedEx in the ‘80s and ‘90s, there will be a few companies that will use the new technology to realize dramatically new business concepts, but for every Dell Computer or Amazon.com there will be hundreds of others that will spend millions playing an endless game of catch-up. To turn information technology into a *secret* weapon, you have to be able to conceive of hip, new business models—a skill possessed by few CIOs. If technology is going to become anything other than a great leveler, CIOs will have to become Chief Imagination Officers.

CEOs, CIOs, and efficiency-besotted consultants spent the ‘90s learning to think systematically about business processes. Initiatives aimed at supply chain integration, process reengineering, enterprise resource planning, and customer relationship management demolished functional chimneys and crisscrossed organizational boundaries. Yet they were sel-

dom radical, and many impacted only a single component or process in the company's overall business model. Business concept innovation is both radical *and* systemic. (See the figure.)

BEYOND CONTINUOUS IMPROVEMENT

Radical	Nonlinear Innovation	Business Concept Innovation
	Continuous Improvement	Business Process Improvement
Incremental		
	Component	System

The age of revolution beckons us to expand our horizons. So much more is possible than mere product line extension and using information technology to straighten out the kinks in the supply chain or improve customer retention. The latitude for innovation has never been broader—if only our minds can stretch to meet it. At the heart of industry revolution are daring new business concepts. It is this type of systemic innovation that poses the greatest risk for incumbents, because a response calls for action across a broad front—action that often undermines old business concepts. Look, for example, at the failure of Compaq Computer to adapt itself to Dell's direct-sales, build-to-order business concept. While Dell was building a bold new business model, Compaq was playing grave robber, buying Digital Equipment Corporation, a nearly deceased computer maker that had once been an industry revolutionary itself. In the end, Compaq's CEO Eckard Pfeiffer got the boot. This was the second time a Compaq CEO had been flung out the door as the company tried to negotiate a tight bend in the road to the future. What an expensive way to change strategies!

Business concept innovation will be *the* defining competitive advantage in the age of revolution. It will be the only way to escape the ruthless hypercompetition that has been hammering down margins in industry after industry. Business concept innovation is the capacity to reconceive existing business models in ways that create new value for customers, knock competitors off balance, and produce new wealth. Business con-

THE QUESTION IS, WHO WILL CREATE THE NEW WEALTH AND WHO WILL SQUANDER THE OLD?

cept innovation is the only way for newcomers to succeed in the face of enormous resource disadvantages, and the only way for incumbents to renew their lease on success.

New Wealth

With every wrinkle in the fabric of history, new wealth gets created and old wealth gets destroyed. It will be no different as the age of progress gives way to the age of revolution. The question is, who will create the new wealth and who will squander the old? The revolutionaries have already laid their hands on enough wealth to ransom all the world's potentates several times over. With a net worth that hovers around \$90 billion, Bill Gates is the richest human being in history, having used Microsoft as a giant lever with which to overturn the computer industry. Heading up a company that, in 1999, had more than twice the market cap of America's largest car maker, Michael Dell is a bigger fish on Wall Street than Jack Smith, the chairman of General Motors. Likewise, the value of Wal-Mart is more than the value of Sears, Roebuck and J.C. Penney combined.

Companies today are obsessed with satisfying shareholders. Spin-offs, de-mergers, share buybacks, tracking stocks, efficiency programs—all these things *release* wealth, but they don't create *new* wealth. Neither do mega-mergers. These strategies don't create new wealth because they don't create new markets, new customers, or new revenue streams, nor do they fundamentally alter the competitive balance. Industry revolutionaries are in the business of creating new wealth. You won't find them playing shell games with shareholders. Go look at the market valuations for some successful revolutionaries—companies like Charles Schwab, The Gap, Southwest Airlines, Amazon.com, eBay and others. Then ask yourself, Do any of your company's improvement programs, do any of its financial engineering schemes, do any of its potential acquisitions, do any of its creative earnings management techniques offer that kind of upside? Don't bother answering. I can tell you they don't. If you want to thrive in the age of revolution, you're going to have to do more than wring a bit more wealth out of yesterday's strategies. You're going to have to get everyone focused, from top to bottom, on the challenge of capturing more than their fair share of tomorrow's opportunities. Revolutionaries don't release

wealth, they create it. They aren't stewards, they're entrepreneurs. They do more than just conserve, they build. That's why, in industry after industry, the newcomers have created so much of the new wealth.

TOWARD CAPABILITY

At the core of business concept innovation is a capacity to create new wealth-generating strategies—strategies that are as revolutionary as the time we live in. This raises a profound question: Where do new wealth-creating strategies come from? The strategy industry—all those unctuous consultants, self-proclaimed management gurus, and left-brain planners—doesn't have an answer. They all know a strategy when they see one—Look! Twenty-two “profit zones”!—but they don't know where new strategies come from. They don't have a theory of strategy creation, much less any insight into how to build a deeply embedded capacity for strategy innovation. Maybe a general manager hungry for a new strategy should eat a fiery vindaloo curry at eleven o'clock at night and hope that when the inevitable indigestion strikes, it will succeed in provoking a strategy insight.

Perhaps strategies come from the annual planning process—that well-rehearsed ritual found in almost every organization. Consider the planning process in your own company. What adjectives would best describe it? Those in column A or column B?

___ **A** ___
Procedural
Reductionist
Extrapolative
Elitist
Easy



___ **B** ___
Creative
Expansive
Inventive
Inclusive
Demanding

Unless your company is truly exceptional, you'll probably have to admit that the descriptors in column A are more apt than those in column B.

The notion that strategy is “easy” rests on the mistaken assumption that strategic planning has something to do with strategy making. Of course strategy appears easy when the planning process narrowly limits the scope of discovery, the breadth of involvement, and the amount of intellectual effort expended, and when the goal is something far short of revolution. The assumption that strategy is easy says more about the inadequacies of

...visionary companies
seldom live beyond
their first strategy.



our planning processes than the challenge of creating industry revolution.

Giving planners responsibility for creating strategy is like asking a bricklayer to produce Michelangelo's *Pieta*. Any company that believes planning will yield revolutionary strategies will find itself caught in a prison of incrementalism as free-thinking newcomers lead successful insurrections. If the goal is to create new strategies, you might as well dance naked round a campfire as go to one more semisacramental planning meeting.

No wonder that in many organizations, the whole notion of strategic planning has been devalued. How often has it produced any radical value-creating insights? No wonder corporate planning has become little more than mergers and acquisitions. No wonder consulting companies are doing less

and less "strategy" work and more and more "implementation" work.

Well then, perhaps revolutionary strategies come from "visionaries" like Bill Gates (Microsoft), Ted Turner (CNN), Anita Roddick (The Body Shop), Rupert Murdoch (News Corp), Andy Grove (Intel), Jeff Bezos (Amazon.com), Howard Schwartz (Starbucks), Mickey Drexler (The Gap), Michael Dell (Dell Computer), and other far-sighted industrialists. Many, if not most, industry revolutions have their genesis in the vision of a single individual who often ends up as CEO or chairman. Yet today's visionary is often tomorrow's intellectual straightjacket. All too often a company runs to the end of the visionary's headlights, and then crashes and burns. Remember Apple Computer, where Steve Jobs, the poster boy for missed opportunities, resisted efforts to license the Macintosh operating system to other companies. Improbably, after having been booted from the company he helped to create, Jobs got a second chance when he became the interim CEO in 1997. Yet Apple will forever be a footnote in the history of the computer industry—in large part because of the myopia of the company's founder. Likewise, Dell Computer will be similarly doomed if its top management is unable to escape a PC-centric view of the computer industry. The mainframe was eclipsed by the minicomputer, which was in turn eclipsed by the personal computer. DEC became the second largest

computer company in the world when IBM was slow to respond to the threat of minicomputers, and Dell became the most dynamic company in the PC business when IBM, Compaq, and others were slow to reinvent their business models. Yet there will certainly be a post-PC world, and if history is any guide, Dell Computer may well end up as a bystander in that new world.

Visionaries don't stay visionaries forever. Few of them can put their hands on a second vision. Worse, their compatriots become dependent on the visionary's prescience, thus abdicating their own responsibility for envisioning new opportunities. More times than not, a fading visionary who is also CEO or chairman unwittingly strangles a company's capacity for radical innovation. That is why visionary companies seldom live beyond their first strategy. The Silicon Valley, fertile ground for industry revolutionaries, is also a graveyard for one-strategy companies. There are only a handful of Valley companies—Hewlett-Packard, Intel, Cisco—that have been revolutionaries more than once.

Of course most companies are not led by visionaries; they're led by administrators. No offense, but your CEO is probably more ruling-class than revolutionary. So don't sit there staring at the corporate tower hoping to be blinded by a flash of entrepreneurial brilliance. Administrators possess an exaggerated confidence in great execution, believing this is all you need to succeed in a discontinuous world. They are accountants, not seers. Visionary CEO or sober-suited *apparatchik*, neither is likely to spawn a litter of new wealth-creating strategies.

Maybe some of you have sat through a business-school case study—a ninety-minute striptease where some creaky old professor undresses a management principle that has been enrobed in 20 pages of colorless prose. Suppose the case being discussed concerns a hugely successful company, and the professor is in the midst of an elaborate and elegant post hoc analysis . . .

. . . so you see, they developed a killer application by exploiting a disruptive technology that allowed them to capture increasing returns from their unique core competencies, thereby creating a new ecosystem and dipping their toe in a new profit pool.

In the midst of such blather did you ever think to yourself, "Wait a minute, was this success the result of some terribly incisive strategic thinking or was it pure, dumb luck?" Luck or foresight? Where does strategy come from? That's a damn good question.

Consider the genesis of three revolutionary strategies:

When her husband left their home in Littlehampton, England, to pursue a lifelong dream of riding horseback from Buenos Aires to New York, Anita Roddick was left to

fend for herself and her daughters. To support her family, Anita opened a small cosmetics shop in nearby Brighton, filling cheap plastic bottles with goo. From this seed grew The Body Shop, a company with revenues of \$1 billion in 1998.

Just before his fifty-eighth birthday, Mike Harper, the acquisitive CEO of ConAgra Inc., suffered a heart attack. After an extended stay in intensive care, Mike left the hospital with a commitment to changing his dietary habits. The newly health-conscious CEO challenged his company to create a line of good-for-you products that would be equally great tasting. The result was Healthy Choice, a line of nutritious frozen dinners that quickly became the leader in its category. The Healthy Choice brand now spans more than 300 products—from breakfast cereals to snack foods to deli meats to ice creams—that had more than \$15 billion in sales in 1999.⁶

What do Pez dispensers—those little plastic heads that dole out candy—have to do with one of the world's hottest Internet start-ups? Plenty. Just ask Pierre Omidyar. His fiancée was a committed Pez collector. How, Pierre wondered, could he help his girlfriend feed her Pez passion? The answer: an on-line, person-to-person trading community where Pezheads could buy and sell their weird collectibles. Pierre's idea blossomed into eBay, the Web's premier auction site, where more than 2 million members place a million bids a day. As eBay's founder, Pierre is credited with transforming everything from classified ads in small town newspapers to the pompous practices of the world's elite auction salons.⁷

Luck or foresight? Where do new wealth-creating strategies come from? The answer is this: new strategies are always, always, the product of lucky foresight. That's right—the essential insight doesn't come out of any *dirigiste* planning process, it comes from some cocktail of happenstance, desire, curiosity, ambition, and need. But at the end of the day, there has to be a degree of foresight—a sense of where new riches lie. So business concept innovation is always one part fortuity and one part clear-headed vision.

If the capacity of an organization to thrive in the age of revolution depends on its ability to reimagine the very essence of its purpose and destiny, and to continually create for itself new dreams and new destinations, we are left in a quandary. How do you increase the probability that radical new wealth-creating strategies emerge in *your* organization? Can we turn serendipity into capability?

The quality movement provides a useful analogy. Thirty years ago, if you had asked someone, "Where does quality come from?" they would have replied, "From the artisan" or perhaps, "From the inspector at the end of the production line." Quality came from the guy with magical hands at Rolls-Royce, who spent weeks hammering a fender around a wooden form, or from the white-coated inspectors at the end of the Mercedes-Benz production line. Then Dr. Deming came along and said, "We must

How do you increase the probability that

institutionalize quality—it has to be everyone’s job. That guy down there on the shop floor, with 10 years of formal education and grease under his fingernails, that guy is responsible for quality.” Looking back, we forget just how radical this idea was. In Detroit, auto execs said, “You gotta be kidding! Our employees are saboteurs.”

It took many companies a decade or more to grasp and internalize quality as a capability. You’ve been there, done that, got the Baldrige. Neither is it time-to-market, supply chain management, or even e-commerce. Today the challenge is to build a deep capacity for business concept innovation—the kind that produces entirely new business concepts and radically reinvents old ones.

Like Deming, Juran, and the early leaders of the quality movement, we’re going to have to invent *new* practice. If you had wanted to benchmark best-of-breed quality in 1960, where would you have gone? The answer’s not obvious. There was no Deming prize; no ISO 9000. Yet the quality pioneers were undeterred. They invented new practice, built on a new philosophical foundation. Like them, we must aspire to more than “best practice,” for most of what currently passes for innovation best practice is grounded in the age of progress; it’s simply not good enough for the age of revolution.

Creating a company-wide capacity for radical innovation will be no less challenging than creating an organization infused with the ethos of quality—and this time it can’t take your company ten years. And it won’t—not if you’re willing to kick off the lead boots of denial; not if you’re willing to dump all that useless management theory you picked up back there in the age of progress; not if you’re ready to climb over the walls of your Dilbert cell and take responsibility for something more than your “job.”

Activists Rule

Whether what you now hold in your hands is simply shelfware, or an incendiary device, depends on you. You’ve been told that change must start at the top—that’s rubbish. How often does the revolution start with the monarchy? Nelson Mandela, Václav Havel, Thomas Paine, Mahatma Gandhi, Martin Luther King: did they possess political power? No, yet each disrupted history; and it was passion, not power, that allowed them to do so.

Most of us pour more of our life into the vessel of work than into family, faith, or community. Yet more often than not the return on emotional equity derived from work is meager. The nomadic Israelites were commanded by God to rest one day out of seven—but He didn’t decree that the other six had to be empty of meaning. By what law must competitive-

radical new wealth-creating strategies emerge in your organization?

ness come at the expense of hope? If you're going to pour out your life into something, why can't it be into a chalice and not down the drain? For every one of us, it is our sense of purpose, our sense of accomplishment, our sense of making a difference that is at stake—and that is more than enough.

Never has it been a more propitious time to be an activist:

- Intranets and companywide e-mail are creating something close to an *information democracy*. The information boundaries that used to delineate corporate authority are more permeable than ever.
- More than ever, senior executives know they cannot command commitment, for the generation now entering the work force is more *authority averse* than any in history.
- It is universally apparent that we are living in a world so complex and so uncertain that authoritarian, control-oriented companies are bound to fail.
- Increasingly, intellectual capital is more valuable than physical capital, thus it is employees who are becoming the true "capitalists."
- Millions of employees are now shareholders as well—they are owners *and* suppliers.

Activists are changing the shape of companies around the world. At Sony, a mid-level engineer challenges top management to overcome its prejudice against the video-game business. "We don't make toys!" they protest. He badgers, plots, and schemes. Against all odds he persuades Sony to develop the PlayStation—a phenomenally successful video-game console that in 1998 accounted for more than 40 percent of Sony's profits. He keeps pushing. Finally Sony sets up a Computer Entertainment division and commits itself to making the computer more than a soulless business machine.

A Web-besotted computer scientist and a gadget-loving market planner join forces at IBM in the early 1990s. Their quixotic goal is to turn IBM into an Internet-savvy powerhouse. They establish a bootleg lab and begin building Webware. They organize an underground lobbying effort that turns a disparate and far-flung group of Webheads into a forceful community of Internet advocates. Their grassroots efforts become the foundation for IBM's emergence as *the* e-business company.

So don't tell me it can't be done. Only ask yourself if you have the guts to join the revolution.

Dream, create, explore, invent, pioneer, imagine: do these words describe what *you* do? If not, you are already irrelevant, and

Dream, create, explore, invent, pioneer, imagine: do these words describe what you do?



your organization is probably becoming so. The age of revolution requires not diligent soldiers, throwing themselves at the enemy *en masse*, but guerilla fighters, highly motivated and mostly autonomous. So enough of Dilbert, that whining little weasel. When's the last time he stuck his head above the walls of his cubicle? When's the last time he pushed back? When's the last time he actually *fought* for an idea? He's a *wimp*. He deserves what he gets.



The age of revolution requires revolutionaries. If you act like a ward of your organization, you'll be one, and both you and your company will lose. So if you're still acting like a courtier, or a consort, bending to the prejudices of top management, buffing up their outsized egos, fretting about what they *want* to hear, getting calluses on your knees—stop! You're going to rob yourself and your company of a future that's worth having. No excuses. No fear. If you're going to be an activist, these have to be more than T-shirt slogans.

In the new industrial order, the battle is not democracy versus totalitarianism or globalism versus tribalism, it is innovation versus precedent. Ralph Waldo Emerson put it perfectly when he said, "There are always two parties—the party of the past and the party of the future, the establishment and the movement."

Which side are *you* on?

THE NEW INNOVATION REGIME

In the age of revolution we will see competition not only between business models, but between innovation regimes. Big science, boffins in their labs, seemingly intractable problems, years of concentrated development, Eureka! moments, bet-the-company launches, Bell Labs, Sarnoff Labs, Watson Labs: this was the innovation regime of the industrial age. Its footsteps were measured and slow: Ready, ready, ready, ready, aim, aim, aim, fire. It gave us the compact disc, cholesterol-fighting drugs, the 747, optical fiber, speech recognition, the TGV, fuel cells, Kevlar®, LCD displays, and so much more. It created enormous wealth for companies brave enough and rich enough to risk it all on the vagaries of scientific discovery. From the 1900s through the 1950s, big science had no rival as a mechanism for creating new wealth.

In the postwar years a second innovation regime was born—one that first created and then fed off the consumer society. Its heroes were Coca-Cola, Procter & Gamble, Unilever, Nestlé, and Kellogg. Though these com-

panies and their imitators invested in R&D, they were more in the business of manufacturing wants than creating breakthroughs. In a world that was no longer capacity constrained, the challenge was to get consumers to buy your particular brand of soap powder, peanut butter, or soft drink. Here the marketers, rather than the scientists, were the innovators. They were endlessly inventive in using advertising to create the stories we wanted to tell about ourselves. Suddenly shampoo and toothpaste were sitting atop Maslow's hierarchy of needs. Thousands of look-alike products were launched each year, distinguished only by their advertising. From the 1950s to the 1990s, consumer marketing was innovation's high ground. The best and brightest no longer wanted to be scientists, they wanted to be brand managers.

The new industrial order is the product of a very different type of innovation—one built neither on the slow accretion of scientific knowledge nor the breathless hype of Madison Avenue, but instead on leaps of human imagination. Here, resources are often irrelevant—innovators often start with empty pockets. Development timescales are measured in weeks, not years. Customers are co-developers, providing real-time feedback in an endless cycle of experiment, adapt, experiment, adapt. Fire, fire, fire, fire, aim again, fire, fire, fire—there is no time for “ready.” The goal is not a patent or a new ad campaign, but a radically new business model. Here innovators are as likely to be college dropouts as Ph.D.'s. They are neither scientists nor brand managers; they are entrepreneurs—what Charles Handy terms “the new alchemists”⁸—individuals able to produce something out of nothing. They struggle not against Nature but against the hegemony of established practice.

This is more Silicon Valley than corporate lab or customer focus group. In Silicon Valley, there is no CEO allocating resources across competing projects. There are no market researchers burrowing through reams of ethnographic data. Instead, there are thousands of novel business ideas competing in what has become an open market for business concept innovation. Those with merit attract talent and capital the way a flower captures the attention of a honeybee. While R&D and consumer marketing will forever be routes to wealth creation, they are no longer the only routes, nor even the most profitable ones. As the new millennium begins, industry revolution is the superhighway to El Dorado, and nowhere are there more revolutionaries per capita than in Silicon Valley. Yet in the new innovation regime Silicon Valley is not a place, but a metaphor for unfettered imagination, rampant experimentation, and an utter lack of nostalgia. To thrive in the age of revolution, every company will have to learn to bring the unique alchemy of Silicon Valley inside its own borders.

Big science is an elephant dragging a hardwood log up the steep incline of scientific inquiry. Consumer marketing is a trained seal—a con-

sumer who has been taught to respond to the inducements and blandishments of clever marketers. The new innovation regime is a gazelle leaping again and again above the tall grass of precedent. Microsoft, Virgin Atlantic, Amazon.com, Level 3, Insuremarket.com, Charles Schwab, Restoration Hardware, Global Crossing—these and a thousand other industry revolutionaries are the children of this new regime. But if they are to succeed more than once, they must become its students as well. Gray-haired incumbents and acne-faced newcomers alike must embrace a new innovation agenda, one that builds on the two that have come before—and then goes far, far beyond them.



the new innovation agenda

Continuous improvement	<i>and</i>	Nonlinear innovation
Product and process innovation	<i>and</i>	Business concept innovation
“Releasing” wealth	<i>and</i>	Creating wealth
Serendipity	<i>and</i>	Capability
Visionaries	<i>and</i>	Activists
Scientists, marketers	<i>and</i>	Silicon Valley

Those who commit themselves to this new agenda will soon discover that the age of revolution is also the age of opportunity. Just as nineteenth-century America opened its doors to all those who believed in the possibility of a better life, the twenty-first century opens its doors to all those who believe in the possibility of new beginnings. It welcomes the dispossessed and the discontent. Just as the American Revolution sealed the end of feudalism as a political system, the age of revolution will put an end to corporate feudalism. The privileges of the industrial oligarchy, the prerogatives of brain-dead SVPs, the worshipful observance of corporate convention—all these will be swept away.

In the age of revolution it will matter not whether you’re the CEO or a newly hired administrative assistant, whether you work in the hallowed halls of headquarters or in some distant backwater, whether you get a senior citizen discount or whether you’re still struggling to pay off school loans. Never before has opportunity been so democratic.

Will you embrace the new innovation agenda? Do you care enough about your organization, your colleagues, and yourself to take responsibility for making your company revolution-ready? If you do, you have the chance to reverse the process of institutional entropy that robs so many organizations of their future. You can turn back the rising tide of

estrangement that robs so many individuals of their sense of meaning and accomplishment. You can become the author of your own destiny. You can look the future in the eye and say:

I AM NO LONGER A CAPTIVE TO HISTORY.

WHATEVER I CAN IMAGINE, I CAN ACCOMPLISH.

I AM NO LONGER A VASSAL IN A FACELESS BUREAUCRACY.

I AM AN ACTIVIST, NOT A DRONE.

I AM NO LONGER A FOOT SOLDIER

IN THE MARCH OF PROGRESS.

I AM A REVOLUTIONARY.

NOTES

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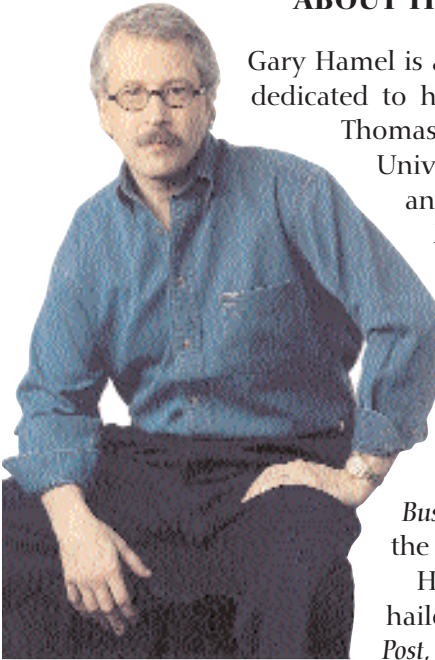
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Gary Hamel is a founder and the chairman of Strategos, a company dedicated to helping its clients get to the future first. He is also Thomas S. Murphy Distinguished Research Fellow at Harvard University Graduate School of Business Administration and Visiting Professor of Strategic and International Management at London Business School.

The Economist calls Hamel "the world's reigning strategy guru." Peter Senge calls him "the most influential thinker on strategy in the Western world." As the author of a multitude of landmark business concepts, he has fundamentally changed the focus and content of strategy in many of the world's most successful companies. The *Journal of Business Strategy* recently ranked Professor Hamel as one of the top 25 business minds of the twentieth century.

His previous book, *Competing for the Future*, has been hailed by *The Economist*, the *Financial Times*, the *Washington Post*, and many other journals as one of the decade's most influential business books, and by *Business Week* as "Best Management Book of the Year." With C. K. Prahalad, Hamel has published seven articles in the *Harvard Business Review*, introducing such breakthrough concepts as strategic intent, core competence, corporate imagination, expeditionary marketing, and strategy as stretch. Hamel's more recent articles, "Strategy as Revolution" and "Bringing Silicon Valley Inside," are already on their way to becoming management classics. His articles have also been published in *Fortune*, the *Wall Street Journal*, MIT's *Sloan Management Review*, and a myriad of other journals. Hamel serves on the board of the Strategic Management Society.

As a consultant Hamel has led initiatives across a broad spectrum of the world's leading companies. In his work he helps companies to first imagine and then create the new rules, new businesses, and new industries that will define the industrial landscape of the future.

He resides in Woodside, California.

This is a sample of the forthcoming book.
If any material is to be cited, it should be checked against the final book.

(continued from back cover)

activist-friendly and revolution-ready. From these pioneers, companies can learn how to: avoid becoming “one-vision wonders,” harness the imagination and passion of every employee, develop new financial measures that focus on the challenge of creating new wealth, and create vibrant internal markets for ideas, capital, and talent. Individuals can follow the example of the activists profiled here and, armed not with formal power but with imagination, summon the courage to lead successful revolutions in their own companies.

Leading the Revolution is not a book for cozy corner office types. It is for everyone who has the guts to act on the knowledge that our heritage is no longer our destiny. With an arresting four-color design and a compelling message that will set the new innovation agenda into the next century, this groundbreaking book from the premier business thinker of our time is a call to arms for the dreamers and doers who will lead us into the age of revolution.

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In the Age of Revolution, says Gary Hamel, it's the **incumbents against the insurgents, the old guard versus the vanguard, the hierarchy of experience clashing with the hierarchy of imagination.** You know which way to bet. From the world's leading business thinker comes an action plan for transforming companies and individuals into **industry revolutionaries.**

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