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Meet the MasterMinds: Jerry Wind Reveals *The Power of Impossible Thinking*

Jerry Wind is the Lauder Professor and Professor of Marketing at the Wharton School, and a world-renowned author and marketing expert. He's the Director for the SEI center for Advanced Studies in Management and an editor for Wharton School Publishing.

Wind's twenty books include *Convergence Marketing*, *Driving Change*, and his latest, [The Power of Impossible Thinking](#). MCNews asked Wind how impossible thinking can help us achieve personal and workplace success.

MCNews: What is impossible thinking?

Wind: The way we think about the world often limits what we can see and do. For example, the four-minute mile was considered a natural limit for runners until 1954. It was unthinkable to go faster. Then UK runner Roger Bannister shattered this barrier on an Oxford track in May 1954. Within three years, sixteen other runners had also surpassed this limit.

There was no fundamental leap in human evolution. What had changed was their thinking. It was now considered possible.

We see the impact of such impossible thinking in many areas, from new business models such as FedEx or Starbucks, to shifts in global politics such as the end of the Cold War, and achievements in our personal lives. To change our lives we need to first change our thinking. To do the "impossible," we first have to engage in "impossible thinking."

MCNews: You've suggested that mental models shape our lives. What is a mental model and why is it so important in our lives and work?

Wind: The reason impossible thinking is so difficult is that we are usually not aware of our mental models and the role they play in our lives. We think that what we see in the world is actually what is there.

Neuroscience research tells us, however, that most of what we take in through our senses is discarded. Instead, it is used to evoke an internal model—a mental model—of reality within ourselves. So, we are not really seeing what is in front of us. This is dangerous because we can miss important opportunities or fail to see important threats.

For example, in one behavioral study, subjects approached an airline ticket counter. The agent began checking them in and then pretended to drop something behind the counter. A different agent stood up and finished the transaction. Many of the subjects did not recognize the switch.

Why? Because they were not seeing the person in front of them. Instead, they had classified this person as a “ticket agent” and were interacting with that model.

In another study, subjects were asked to count the number of times basketball players in white shirts passed a ball to one another in a video. Many of them got the count right, but they were so focused on the task that more than half missed seeing a person in a gorilla suit walk into the center of the scene. They missed an entire gorilla!

How many times are we so focused on a task at work or a problem at home that we fail to see something significant in our environment? This is the power and danger of mental models. We need to be able to recognize these models and the role that they play in our lives.

Models serve a useful purpose, however. Most of the time, we don’t need to develop a relationship with the person at the ticket counter. Many times it may be more important to get the count right than to keep track of other things such as gorillas. But when the environment is changing rapidly, the blind spots created by our mental models can be much more dangerous.

MCNews: What techniques can people use to examine the relevance of their own mental models?

Wind: The first, and biggest challenge, is to actually become aware of the models and their impact. Then, you need to cultivate a habit of testing your current models and looking for alternatives.

For example, inventory was always considered an asset on the balance sheet. Should it be an asset? Could it be a liability? By looking at inventory as a liability, Dell and others have created a radically different approach to their supply chain design. Instead of large inventories, they have moved to just-in-time inventory. What other conventional wisdom could we challenge?

To take another example, corporations in the West are beginning to wake up to the huge market opportunities in emerging markets. This represents a significant shift in thinking from when these markets were seen only as a source of cheap manufacturing.

To reach these markets, companies have had to completely rethink their products and marketing, but many have done it successfully. Banks that used to be interested only in large loans are now building huge businesses in micro-loans. Companies such as Tata in India are working on cars for the unbelievable price of just over \$2,000.

Even with this shift, inner-city markets in the United States and Europe are still considered unattractive. Companies think of high crime, low incomes and other problems. But Michael Porter and the Milken Institute have pointed out that we can look at these inner-city markets as “domestic emerging markets.” What happens when we reframe them in this way? We see new possibilities and fresh approaches that we might have missed if we looked at them through the old models. Shifting our thinking opens new opportunities.

To see these opportunities, you need to keep an open mind. For example, when IBM brought in open-source guru Richard Stallman to speak to the company’s researchers back in the 1990s, his radical idea that software should be free “like air” seemed to be outrageous. It didn’t appear to have any value in an industry that derived profits from proprietary software. In fact, it seemed a bit dangerous.

But IBM executives kept an open mind. They ultimately were able to see the potential of open source to transform their software business, using free software as a foundation for fee-based software and services. The recognition of such a radical idea requires bringing extreme views such as Stallman’s into the organization and then keeping an open mind to recognize value. It

transformed IBM's business and the software industry as Linux and other open-source software have become a threat to Microsoft's dominance.

MCNews: If you need to unlearn or dismantle an existing mental model, what's the first step?

Wind: The first step is to change your own thinking. Then you need to change the structures that support the old mental model and the thinking of others. The other important thing to understand is that paradigm shifts are a two-way street.

Many times when we adopt a new and revolutionary way of thinking about the world, we think that it will eradicate the old view. We saw this clearly in the dot-com revolution when people were saying that Wingspan bank would eliminate the need for physical branches, WebVan and other online grocers would mean the end of physical supermarkets, Amazon would eradicate Barnes & Noble and Borders, and—closer to home for those of us in academia—that distance learning would bring down the ivy-covered walls of the university.

This didn't happen. Instead, online channels and commerce were integrated with offline channels in successful models such as Tesco's online and offline retail stores in Europe. It wasn't absolute revolution. Instead, we developed a portfolio of models and we can choose the one that works best for the specific problem at hand.

This is very important to recognize. When we finally are able to see the world through the lens of a new model, we are in danger of forgetting or discarding the old model. It is like the famous optical illusion where you can see a vase or two faces. Once you see one or the other, you become locked into that view. It becomes very hard to be able to see both pictures, but it can be valuable.

For instance, many people may think that horses are not much use in an age of automobiles and space travel. But when U.S. military planners needed to guide missiles in the rugged mountains of Afghanistan, they used soldiers on horseback to do so. If they had discarded this model because it was old, they might have failed to see this solution to the challenges they faced.

We see this in many other areas. Newtonian physics is still used even in an age of quantum mechanics. We write handwritten notes in a time when many people predicted we'd be living in "paperless offices." To advance a new model within an organization, you often need to be an evangelist, but you also need to recognize that a balanced portfolio of different models gives you the most flexibility in addressing the challenges of the future.

MCNews: You say that mental models can be the biggest barrier to organizational change. What strategies can be used to change the mental models of an organization?

Wind: Mental models are embedded into the architecture of organizations. You need to recognize the impact of these structures. The missile silos and nuclear stockpiles of the arms race have persisted long after the end of the Cold War. It is not enough to change your thinking; you have to dismantle these old structures.

In our organizations, the architecture embodies the assumptions of our mental models. For example, many companies that were focused on transactions initially ignored the importance of customer relationships. When they began recognizing the value of long-term relationships, this led to the development of Customer Relationship Management (CRM) software, systems and structures to follow through on this shift in thinking

But now companies have seen the high failure rates of CRM applications and this is leading to another shift in thinking—to Customer Managed Relationships (CMR). Instead of the company managing relationships with customers, it gives customers the tools to manage their own

relationships with the company. This requires a different infrastructure—more customizable tools and better interfaces to put customers in charge rather than a focus primarily on internal systems for gathering and analyzing customer data.

The shift to CRM required a change in architecture and the shift to CMR requires another shift. The important point is that changing thinking is just the first step. We then have to change everything that supported the old way of thinking.

The other important thing to recognize is that **not everyone in an organization or society will change their thinking at the same rate. This will lead to “adaptive disconnects” as some parts of the organization embrace the new model and others resist it.** The organization needs to focus on boundary spanners and other mechanisms to bridge these adaptive disconnects.

MCNews: Can the success of a business create resistance among executives to change their mental models? If so, what needs to be done to overcome that resistance?

Wind: A successful business is the hardest organization to change. It becomes trapped in its current models. There is tremendous resistance to tampering with a proven formula. Digital Equipment Corporation (DEC) was one of the most successful computer firms in the world, yet its success blinded the organization to fundamental changes in the industry. IBM was also humbled by the rise of the personal computer.

Companies that are tracking their current customers fail to see the rise of new technologies and substitutes. They become victims of their own success, as [Clay Christensen](#) has pointed out.

How do you shake up this complacency? Senior leaders need to take deliberate actions to challenge the organization and shift its thinking. They can reframe their business challenges to create a sense of urgency. For example, General Electric had a famous mantra that its businesses needed to be number 1 or 2 in their industries.

It was a very successful model that kept managers focused on creating winners and ruthlessly weeding out the losers. But one negative byproduct of this approach was that managers began defining their industries in such a way that they had dominant share. This, in turn, led to a lack of growth. So GE turned this mantra on its head and asked managers to define their businesses in such a way that they had only 10 percent share of a larger market. Now, every business had a 90 percent growth opportunity. This can fundamentally change the way managers look at the business.

Scenario planning can also shake managers out of their complacency by making emerging threats more real, as can the process of “idealized design.” In idealized design, as described by [Russell Ackoff](#), the organization imagines that its current business has been wiped out and starts to design a new one from a blank slate. It then determines what it needs to do today to reach this idealized point.

For example, in the early 1950s, the head of Bell Labs announced to researchers there that the entire phone system had been destroyed overnight. How would they rebuild it from scratch? The subsequent discussions led to innovations such as Touch-Tone phones, caller ID and cordless phones.

MCNews: What do you do to ensure that your own mental models remain relevant?

Wind: Interacting with diverse groups of people is key. I’m a founding director of the Wharton Fellows program, and we have created a lifelong educational community that, by its design, brings the Fellows and faculty into contact with some of the most diverse, interesting thinkers in business and other fields around the world.

In one session, we might be discussing entertainment with leaders of Fox or a legendary producer; in another, we meet with Harley-Davidson executives in Japan to find out how they have run away with the high end of that market; in another we discuss growth strategies with top executives from Starbucks and Microsoft in Seattle; and in another we hear from leaders of the European Union and look at companies in Prague.

These diverse perspectives help to challenge the thinking of the senior executives and faculty who are involved. We see the world from many different perspectives—across geography, industry, and disciplines—and gain fresh insights on our work when we return home.

I also have been working on an initiative to promote cross-functional integration in the MBA program at Wharton. This interaction with colleagues from different business disciplines has also challenged the way I approach my own field of marketing and address business challenges. It has led to a new project I am working on to begin developing a new theory of the firm.

On a more personal note, art has always been a great inspiration for me in shaking up my thinking. Involvement with artists in diverse schools and exposure to artwork around the world has brought constant surprises. These artists, both classical and modern, provide fresh approaches that challenge the way I view the world.

MCNews: What's on your reading list these days?

Wind: As co-editor of Wharton School Publishing, I have the chance to see a lot of fresh thinking before it makes it out onto the bookshelves. This has been a great privilege and adventure. The new book by CK Prahalad, [The Fortune at the Bottom of the Pyramid](#), represents a fundamental breakthrough in thinking about the developing world that has changed the way I think about these opportunities as well as the way I approach marketing.

We have another new book coming out by my colleague Vijay Mahajan and Kamini Banga that looks at market strategies in developing countries more broadly—at every level of the Pyramid—and they identify many other ways we need to challenge our Western models for marketing in approaching these emerging markets, which already account for 86 percent of the world's population.

I do still find time to read books that are not on our own Wharton list. Jeremy Rifkin, who has challenged our thinking about work, biosciences and other topics, has produced a provocative treatise on [The European Dream](#). Even if you disagree with it, it will change the way you think about Europe and how you view the "American dream" that has dominated our thinking for generations.

MCNews: Thanks for being so generous with your time.

You can write to Jerry Wind at windj@wharton.upenn.edu.