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How to Turn a Nasty Surprise Into the Next Disruptive Idea

In business, surprises signal uncertainty—a phenomenon to be avoided and feared. But those unexpected events can also point the way toward an innovative approach you didn't consider before.

By Soren Kaplan

When Canon USA President and CEO Yoroku “Joe” Adachi recently launched the EOS 5D Mark II camera geared toward general photo enthusiasts, something unexpected happened. Accolades poured in from professional videographers across Hollywood. With video quality that matched that of more specialized cameras used for television commercials, this less expensive point-and-shoot camera delivered a pleasant surprise to professionals. To Adachi’s own surprise, the Mark II had unintentionally begun disrupting the high-end professional video market. Canon is now developing cameras specifically designed for this profitable niche—and leapfrogging the competition in the process.

Most companies view surprises as things to be avoided. Even positive surprises like Canon’s are considered fortunate anomalies, far from being the cornerstone of any real strategy. The underlying assumption is that predictability and control are good, and uncertainty is bad. No wonder every management book on Amazon with the word “surprise” in its title is about how to prevent the phenomenon. But here’s the counterintuitive catch: If you want a breakthrough, something that really changes the game, surprise is actually the name of the game.

The premise is simple: Breakthroughs surprise the market with something dramatically new. Think Apple, Netflix, Cirque du Soleil, or OpenTable. That’s the no-brainer.

But here's the management mind-bender. Breakthroughs—whether products, services, business models or business processes—don't come from big visions, bold goals, and meticulous plans. While these may be starting points, many leaders acknowledge that unexpected experiences actually play pivotal roles in their breakaway successes.

Jim Collins and Morten Hansen, authors of *Great by Choice*, for example, recently found that leaders from the most successful modern-day companies pointed to “luck events” as essential ingredients of their long-term success (that's right—luck!). It's one thing to recognize in retrospect that the unexpected played a role in our success. But is it possible to incorporate surprise—the core essence of uncertainty—into our business and innovation strategies?

Some companies are already doing it. Here are four things you can do today to start uncovering surprising new opportunities:

1. Find customers using your products or services in the “wrong” way.

Intuit's first software product was Quicken, which quickly became the leading program for managing home finances. But when Intuit's leadership heard that thousands of small businesses were using the product, they dismissed the data as an anomaly—since “debit accounting” is required for running a business and Quicken was designed to balance basic checkbooks. Intuit finally took a closer look and realized that small-business owners were using the product because existing accounting software was far too complex. With that surprising epiphany, Intuit created QuickBooks for small businesses. Within three months, the company captured 70% market share.



2. Discover “untargeted” customers.

As already described, Canon discovered an entire market of untargeted customers who were using its consumer cameras for professional-quality video. This surprise revealed an opportunity to jump into the high-end video market full force and drive forward a classic disruptive innovation.

3. Listen for market misperceptions.

In the late 1990s, Four Seasons primarily served business travelers in the North American market. When the first-ever Wall Street analyst report comparing hotel websites was issued, Four Seasons ranked #1. The reason why? “Spending time on the Four Seasons website makes us feel like we are already on vacation,” the report gushed. The fact that the report lauded the hotel for its vacation focus, created a big disconnect for Four Seasons' execs since they were targeting the business traveler. This surprising misperception was a key factor that prompted senior leaders to reposition the company to Four Seasons Hotels and Resorts and expand globally into vacation destinations.

4. Flip negative surprises into positive opportunities.

Not all surprises are good ones. When bad things happen unexpectedly, it's natural to resist them. Sometimes, however, it's possible to transform the negative into a positive. During OpenTable's early days, the online restaurant reservation service received a big blow to its business model. Danny Meyer, famed New York restaurateur, told OpenTable's CEO, “Look, I don't need more business. We're full every night.”

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Meyer represented the most prestigious customer in one of the most important food cities in the world, and he didn't need the service. This surprise led to a big shift for OpenTable: In addition to restaurant reservations, the company developed a "guest management" platform to also capture and provide detailed data on the restaurants' diners themselves. By flipping the negative into a positive, OpenTable capitalized on two complementary needs and became the leader in the market.

When we're running fast to achieve a tightly defined goal, it's easy to pass by a promising surprise. So what can we do to embrace uncertainty, seek contradictory data, interpret misperceptions, and flip negative surprises into new opportunities? Here are three things can help you open up, see surprises, and decipher their meanings:

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Ditch your ego.

A recent study from the University of Amsterdam explored the effectiveness of narcissistic leaders. Those with the biggest egos were perceived by their peers as the most effective—but actually had the lowest performance when leading a team-based task. Big egos stifle openness to inputs from others, ideas from the outside, and the likelihood of finding surprises since personal agendas block out alternative explanations and possibilities.

Push comfort zones.

Recent research from INSEAD and Northwestern University shows that people who have lived abroad are more creative problem solvers. When we're forced to confront competing assumptions and norms, the boundaries of our mindsets soften and we become better able to see the underlying relativity of ideas, behavior, and needs. To find surprises, we need to be willing to suspend assumptions, appreciate anomalies, and recognize our vulnerabilities—the very things that happen when we talk to customers, explore new markets, take on ambiguous assignments, or anything else that requires we confront the gray areas of business or life.

Fight fear.

A Harvard University study on the impact of fear on decision-making found that fear creates pessimism, which in turn leads to risk-averse behavior. It's the same dynamic that exists when there's a falling stock market and investors sell at the bottom in order to "get out" and regain a sense of certainty. When we're in retrenchment mode because we're fearful that we'll miss our stated goals, for example, our fear of the unknown causes us to cut back, close down to innovation, and seek greater control. As a result, we lose the ability to explore, learn, and uncover new insights and ideas—the things that can actually get us through the tough times and the keys to what's needed to tap into the power of surprise.

Most companies today want innovation, especially the game changers. There's no shortage of tools out there. But perhaps the most surprising secret to real business breakthroughs has been staring us in the face all along. Instead of new models and processes, we need new assumptions and mindsets—a recognition that the power of surprise is a natural part of business and life that anyone can tap into at any time.



Author

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