It is widely understood that visionary business leaders are almost always entrepreneurs who built their companies from scratch. We can admire them, but never hope to emulate them.

That is not what we believe.

Developing and deploying an inspiring and actionable vision is a skill that can be learned. Beyond that, it can be driven into the cultures of even the most hidebound organizations, reigniting their entrepreneurial fires and infusing them with a renewed sense of purpose and direction.

We believe that any leader, at any level, in any organization, can become a practical visionary.
Life can only be understood backwards, but it must be lived forwards.”

SØREN KIERKEGAARD

“The future cannot be predicted, but futures can be invented.

DENNIS GABOR

Planning is bringing the future into the present so that you can do something about it now.”

ALAN LAKEIN
The present-forward fallacy: the seductive notion that an existing business can be extended out in time indefinitely by continuously making improvements to it.

The Perils of Present-Forward Thinking

The first railroad trains looked exactly like strings of stagecoaches. Similarly, the first cars looked very much like the horseless carriages that they were. The inventors of those early trains and cars weren’t thinking about what was to come so much as what already was.

The same thing happens in industry after industry. In recent years, newspapers, grocery stores, and music, movies and TV have been disrupted. It’s not that the leaders of incumbent industries don’t have sharp strategies and plans. The problem is that they extrapolate their current model into the future instead of envisioning the possibilities.
Why We Get Stuck in the Present

Psychologists and behavioral economists have identified a host of innate cognitive biases – such as bounded rationality, hyperbolic discounting, and availability bias – that bind us to the present while blinding us to long-term threats and opportunities.

Facing the “innovator’s dilemma,” corporations tend to work to improve their margins and please their best customers by allocating the bulk of their investments toward improvements that sustain, enhance, and make their existing businesses more efficient. New, exciting, and potentially disruptive growth initiatives may get a lot of buzz, but they rarely receive the funding they need.

So how do you resolve the dilemma? By looking out at a longer-term horizon and judging your present state from the future back.

Tyranny of the Urgent: an analysis of the calendars of twenty-seven CEOs over a full quarter showed that, on average, they had thirty-seven meetings per week, which took up 72 percent of their time. Is it any wonder they have so little time to imagine a better future?
The Importance of Future-Back Thinking

So much of the management doctrine we live by was created more than a century ago to ensure efficiency and repeatability. Executives are trained to gather and parse quantitative data and base their decision-making on what it tells them. But such data is by definition from the past.

Managing in such a way is entirely appropriate when your goal is to win the game you’re already playing, but it cannot keep you ahead of the curve of change.

To achieve and sustain breakthrough growth, you need to master a different managerial approach, one that is more intuitive but no less rigorous. Future-back, as we call it, is all about anticipating and shaping the markets of the future. It is what you need when you have to play a new game, with a different set of rules.

Present-forward thinking helps you win the game you’re already playing; future-back thinking helps you define a new game.
To recognize developments that threaten your existing paradigm, you need to set your planning horizon much further out than most companies do. To leverage those developments to your full advantage, you need to think and lead from the future back.

<table>
<thead>
<tr>
<th>ATTRIBUTES OF Present-Forward Thinking</th>
<th>ATTRIBUTES OF Future-Back Thinking</th>
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<tbody>
<tr>
<td>• What is</td>
<td>• What could be</td>
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<tr>
<td>• Sustaining</td>
<td>• Transformative</td>
</tr>
<tr>
<td>• Continuous</td>
<td>• Discontinuous</td>
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<tr>
<td>• Increments existing paradigm</td>
<td>• Develops a new paradigm</td>
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<tr>
<td>• Concrete and predictive</td>
<td>• Ambiguous and abstract</td>
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<tr>
<td>• Drive to certainty</td>
<td>• Drive to clarity</td>
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<tr>
<td>• Delivery/managerial</td>
<td>• Discovery/entrepreneurial</td>
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<tr>
<td>• Linear</td>
<td>• Multidimensional</td>
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<td>• Deductive/Inductive</td>
<td>• Abductive</td>
</tr>
<tr>
<td>• Analytical</td>
<td>• Imaginative and creative</td>
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<tr>
<td>• Facts- and data- driven</td>
<td>• Assumptions-driven</td>
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<tr>
<td>• Answers</td>
<td>• Questions</td>
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<tr>
<td>• Build off base</td>
<td>• Clean sheet</td>
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<td>• Point solutions</td>
<td>• Systems thinking</td>
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The Power of a Long-Term Planning Horizon

In 2019, Innosight surveyed business leaders from a wide range of global industries. Fully 75 percent reported that they set their planning and forecasting horizons no longer than five years out. Only 10 percent planned for eight to ten years or more. In our ever-faster world, many told us, it’s just too hard to anticipate what the future will bring; it’s advantageous, therefore, to focus on the here and now.

![MOST COMPANIES FOCUS THEIR PLANNING ON THE SHORT AND MID-TERM](chart)

That’s exactly why now is the best time to take the long view. Embracing the future gives you a competitive advantage. As Jeff Bezos has said, “It’s ALL about the long term. As a company, we are culturally pioneers, and we like to disrupt even our own business. If
everything you do needs to work on a three-year horizon, then you’re competing against a lot of people. But if you’re willing to invest on a seven-year time horizon, you’re now competing against a fraction of those people, because very few companies are willing to do that.”

The benefits of a longer-term planning horizon include:

- **Silences the distracting noise of the here and now**
- **Allows you to see how faint signals and emerging trends can become fault lines that fracture over time**
- **Helps you embrace beyond-the-core opportunities that will likely take five years or more to incubate and scale**
- **Brings clarity to difficult decisions, such as which of your current efforts must be stopped or slowed down**

Most of all, planning for the long-term allows you to develop a powerful vision of what your company can become—and a strategy to achieve it.
The Power of Vision

It’s not just the what of a vision that is important but the future-back mental processes that leaders use to develop one.

How might leaders of organizations of all kinds harness this kind of thinking? To answer that question, we must understand what exactly we mean by vision.

The online Macmillan Dictionary defines vision as the ability to “think about or plan for the future, using intelligence and imagination”; an “idea or hope of how something should be done, or how it will be in the future”; and simply the “ability to see.”

When we use it in a business context, it encompasses all of those meanings, but what we mean specifically is having a clear point of view on the markets of the future and the role that your organization can play in that new and different world. Having a really powerful vision can unleash the potential to transform whole industries.

When we call a business leader a visionary, we mean that he or she has a vivid understanding of their organization’s best possible future—one that can potentially transform whole industries.
Vision and Strategy are not the Same Thing

Vision is the “what,” not the “how.” Vision is made actionable through strategy, which is the means to achieve it.

<table>
<thead>
<tr>
<th>VISION</th>
<th>STRATEGY</th>
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<tr>
<td>Choices made about the longer-term</td>
<td>Choices made in the near term</td>
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<tr>
<td>Defines a new game to play</td>
<td>Determines how to win the game</td>
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<tr>
<td>Defines the ends or the destination</td>
<td>Defines the means or the journey</td>
</tr>
<tr>
<td>Inspires the organization</td>
<td>Operationalizes the vision</td>
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When Steve Jobs returned to Apple in 1997, it had scaled into an enterprise whose core product, the home computer, was beginning to commoditize. As the dotcom crash swept through the tech industry in 2000, Jobs saw an opportunity to reinvent his company – and the industries around it. Apple computers could become the enabling hubs of the ecosystem of digital devices—personal digital assistants, still and movie cameras, music and DVD players, and more—that were just coming onto the market.

Then he brought that vision back into the present, announcing new software packages like iTunes, iPhoto, iMovie, and Garage Band designed to manage digital devices from the desktop,
making them more powerful and easier to use. But all the while Apple was hard at work at revolutionizing the devices themselves. If you’re developing platforms that make exciting new categories of products more powerful and more valuable, you may as well capture that value yourself. Apple, as we all know, then upended the consumer electronics industry with the iPod, iPhone, and iPad. By 2010, Apple was not only the most valuable technology company in the world, but the most valuable of all companies.

"You can’t connect the dots looking forward, you can only connect them looking backwards.”

STEVE JOBS, FOUNDER OF APPLE, ADDRESSING STANFORD’S GRADUATING CLASS OF 2005
The Future-Back Process

You can develop visionary Future Back strategies in three major phases:

1. Develop a vision – your company’s best possible future.
2. Walk it back into the present, translating it into a clear strategy, with explicit benchmarks and goals.
3. Prepare for and manage its implementation.
Phase 1: Develop Your Vision

To develop your vision, your first task is to explore what the future is likely to hold, targeting the right time horizon. Then, you grapple with the implications of that future for your organization, developing a high-level view of what your customers will value and how market dynamics will work, characterizing the major threats and opportunities that are likely to emerge, and assessing where business-as-usual would likely lead. Finally, you assert a point of view on how to best respond to and shape that future, defining the desired future state of your enterprise inclusive of both the evolution of its current businesses and the development of new ones. Put it all together and you’ve got a vision that’s ready to be translated into a future-back strategy.

Four archetypal implications for your future – which circumstance will you find yourself in?

- Major Threats on the Horizon
- Major Opportunities Ahead
- Moderate Threats Emerge
- Maintain the Status Quo
Phase 2: Convert Vision to Strategy

Having a well-developed vision is crucial, but it is never enough; you also need a concrete plan to make that vision real. This calls for a shift in mindset, from storyteller to engineer, that is accomplished by delineating and systematizing a set of business choices.

The best way to convert a vision to strategic choices linking the future to the present is to think in terms of filling and balancing a set of three linked and interdependent portfolios: 1) the future state portfolio, a financial projection of your enterprise at your target end-date; 2) the innovation portfolio, which captures programs and initiatives in the present that set you up to evolve into the future state, and 3) the investment portfolio, which specifies the resources that fund the innovation portfolio.

**Convert your vision to strategy by laying out three interconnected portfolios**
Phase 3: Program and Implement Your Strategy

Most organizations leap reflexively from strategy to execution, using the structures, processes, rules, and norms that guide the execution of their core business to carry out their outside-the-core initiatives. Just as vision needs to be translated into a strategy, a strategy must be carefully programmed into an organization before it can be effectively implemented.

When programming a breakthrough strategy, you must design and assemble a set of components that ultimately come together as an integrated system that 1) formalizes the roles and responsibilities of the senior leadership team as champions of the strategy, 2) sets up an organization model that protects breakthrough innovation teams from the countervailing influences of the core, and 3) manages initiatives with a process that incentivizes a faster pace of learning.

**Possible organizational structure for a new growth group**
William N. Hait, head of Janssen R&D (the pharmaceutical companies of Johnson & Johnson), had an inspiring vision for the future of medicine. For the most part, our healthcare system is oriented around a break/fix paradigm; something goes wrong inside our bodies, and doctors rally to fix it. This is a matter of practicality, as scarce resources are triaged to solve the most acute problems. But it’s also a relic of an era when we knew precious little about the underlying mechanisms that cause disease. Biological understanding has increased exponentially in recent years, presenting new possibilities. Rather than wait for disease to manifest and then seek to treat its symptoms, we will increasingly be able to predict and pre-empt it, intercepting disease in its early stages when it is most easily curable.

“In the not too distant future,” Dr. Hait predicts, “each of us will know the diseases to which we’re susceptible. An ecosystem of passive biosensors and trackers – like the step counters on our smartphones – will monitor our biometric signals, and the equivalent of a check engine light will turn on when something inside of us starts to go ‘out of spec.’ In many cases we won’t be sick yet—but we will be at risk. Society will demand new types of solutions to address these risks, and the company that creates them will be the next Johnson & Johnson.”

“We’re already Johnson & Johnson,” Hait challenged his teams, “so why
 shouldn’t it be us? If we trained our awesome firepower on intercepting diseases before they manifest with targeted investments in the health products that will define the future, we could change the way medicine is practiced and drive breakthrough growth for our company.”

But, a vision – no matter how inspiring – isn’t enough to get a large and complex organization to build new businesses and capabilities beyond its core. Hait realized that vision alone wouldn’t get his teams to reallocate their energy and their investments—he needed a method to translate his vision into a strategy that others could understand, embrace, and systematically bring to life. So, he and his leadership team embarked on a future-back journey.

**Phase 1:** First, they laid out their vision, adding detail and depth to their anticipated future state. This included rich descriptions of the novel solutions that would drive value in the future and a view on the role their company could and should play in the ecosystem that would emerge.

**Phase 2:** Next, they made clear strategic choices to convert their vision into a set of initiatives that nested into their overall strategy. They reverse-engineered key benchmarks for these initiatives from the envisioned future back to the present, creating a roadmap for implementation.

**Phase 3:** Finally, they established the organizational mechanisms needed to nurture and sustain the new elements of their strategy. Central to this was their embrace of a dual transformation organizational model, in which the core business remains focused on innovating along the current trajectory, while a smaller amount of resources are carved off to independently develop novel solutions with transformational potential. They launched a new growth group that employed a venture-like model to accelerate these solutions in target disease areas.

A few years later, Hait and his teams have made exciting progress in focal areas that include lung cancer, colorectal cancer, and type-1 diabetes.
Future-back thinking needs to be embraced by a whole leadership team in order to truly take root in an organization. Look to nurture these four ingredients:

1. **The understanding that successful enterprise leadership is as much about exploring and envisioning as executing and operating**

2. **A willingness on the part of its members to change their behavior, even if they’re not yet ready to change their minds**

3. **A willingness to “dance” with each other, guided by the structure of a shared vision for the enterprise as a whole**

4. **A strong, independent board and the willingness to collaborate with it**
Ultimately, the secret to lining up a leadership team that toggles back and forth between present-forward and future-back thinking is to ensure that you spend enough time together thinking in both ways. Quarterly future-back reviews can be great opportunities for collective thinking and for keeping strategy efforts on track.

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<thead>
<tr>
<th>PRESENT-FORWARD</th>
<th>FUTURE-BACK</th>
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<tr>
<td>Leadership Focus: Near term Operations Execution</td>
<td>Leadership Focus: Long term Exploration Envisioning &amp; discovery</td>
</tr>
<tr>
<td>Processes: Ordered Analytical Linear</td>
<td>Processes: Organic Creative Iterative</td>
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In the summer of 2019, Jack Dorsey, the founder of Twitter and Square, spoke at Innosight’s annual CEO Summit about his vision of a sustainable organization.

“I don’t want to build a company that’s dependent upon any one person, including me.”

JACK DORSEY, FOUNDER OF TWITTER

“My job is threefold: Number one, making sure that we have an amazing team dynamic.

Job number two is that decisions are being made in the context of who we serve, in the context of our customers, of technological, social and cultural trends, and of our competition.

And the third job is just raising the bar on what we thought was possible. I want to build a company like Disney, that has survived the death of its founder and continues to carry on the same mindsets. I want a decision-making framework, and a product-planning framework that removes single points of failure.”

At the end of the day, future-back thinking is a recipe for sustainability.
If everything you do needs to work on a three-year time horizon, then you’re competing against a lot of people. But if you’re willing to invest on a seven-year time horizon, you’re now competing against a fraction of those people, because very few companies are willing to do that.”

JEFF BEZOS

“Before an organization can master its future, its leaders must think about it systematically—with vision and creativity, but also with discipline, rigor and realism. The rest is sound management.

SANDI PETERSON

Neither a wise man nor a brave man lies down on the tracks of history to wait for the train of the future to run over him.”

DWIGHT D. EISENHOWER
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ABOUT INNOSIGHT

Innosight is a strategy and innovation consulting firm that helps organizations navigate disruptive change and manage strategic transformation. Now a member of the Huron Consulting Group, we work with leaders to create new growth strategies, accelerate critical innovation initiatives, and build innovation capabilities. Discover more about us at [www.innosight.com](http://www.innosight.com).

To learn how we help companies develop future-back strategies and capabilities, get in touch with us at [inquiries@innosight.com](mailto:inquiries@innosight.com).
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