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ABOUT THE AUTHOR

Devadas Krishnadas is the founder and CEO of Future-Moves Group. Prior to founding Future-Moves Group, Devadas played a leading role in developing Singapore's fiscal and social policy where he led efforts in long-term planning and strategic thinking.

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ISBN 978-981-4771-36-8
9 789814 771368

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First published 2015 in hardback
This paperback edition published 2016 by Marshall Cavendish Business
An imprint of Marshall Cavendish International
1 New Industrial Road, Singapore 536196

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National Library Board, Singapore Cataloguing-in-Publication Data
Krishnadas, Devadas, author.
FUSE : foresight-driven understanding, strategy and execution : move the future /
Devadas Krishnadas. - Singapore : Marshall Cavendish Business, [2015]
pages cm
Includes bibliographical references.
ISBN : 978-981-4721-12-7 (hardcover)
ISBN : 978-981-4771-36-8 (paperback)
Strategic planning. 2. Business planning. 3. Management. I. Title.
HD30.28
658.4012 — dc23 OCN913438846

Printed in Singapore by JCS Digital Solutions Pte Ltd.

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AUTHOR'S NOTE

Every book represents a series of journeys. These journeys are mental, emotional and physical. None of these journeys would have been possible for me without the support of friends and family.

FUSE is not only about an idea, it is also the story of Future-Moves Group (FMG), the company I founded in 2012. The people who work at FMG and the clients we have had the privilege to work with on amazing projects have all played a part in developing FUSE.

Particular mention must go to Isabel Chew, a Senior Associate Consultant at FMG, who acted as Principal Research Assistant. She helped flesh out ideas, verified data and information and challenged my thinking as we worked together to produce the book. This book is as much hers as it is mine.

I wish to thank Mr Peter Ho for his kind endorsement of the book and his support over the years I have been involved in the foresight scene in Singapore.

My good friends, Tan Kiat How, Tan Tin Wee, Gerard Pennefather, Thomas Sass, José Manual Fonseca, Calvin Cheng, Nizam Ismail, Max Everest-Phillips, Lee Swee Siong and Tan Ling Yin were instrumental in supporting me with their friendship and advice.

My family often paid the price for the long hours and strain of a husband and father challenged by the demands of establishing a business in as competitive an environment as strategic consulting. I am forever in their debt. They remain the motivation, when all else fails, which keeps me going.

Notwithstanding the support and advice of the many mentioned, any mistakes or errors are mine alone.

Devadas Krishnadas

Singapore, August 2015

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SECTION 1

INTRODUCTION

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CHAPTER 1
A TALE OF TWO COMPANIES
NETFLIX VERSUS BLOCKBUSTER

In 2000, Reed Hastings, co-founder of online DVD rental company Netflix, made a proposition to John Antioco, then-CEO of the video-rental company Blockbuster: buy over Netflix for $50 million and leverage on Netflix's online rental service.

At that time, Netflix was only into its third year of operations. Although it enjoyed reasonable success in its nascent years, like many other start-ups it now faced a cash flow problem. Blockbuster, on the other hand, commanded 7,700 stores. It had just entered the New York Stock Exchange a few months earlier with a respectable IPO of $4.7 billion.[1]

As Netflix's former CFO Barry McCarthy reminisces, "[Blockbuster] just about laughed us out of their office."[2] Despite Netflix's persistent efforts, Blockbuster doggedly refused to bite, congratulating itself on avoiding what it thought was a revenue-haemorrhaging liability.[3] Yet in the aftermath of the dot-com crash of 2000, it was Blockbuster that fatally misdiagnosed the shifting technological landscape.

Fast forward to 2014. Blockbuster has since been liquidated. Its 60,000 employees, 9,000 international stores, and $5 billion market value—all widely vaunted figures at its peak in 2004—have disappeared,[4] replaced by a bankruptcy order and a buyout by satellite TV provider DISH Network for a measly $320 million in 2010.[5]

Meanwhile, Netflix has morphed from its origins as a DVD-by-mail

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rental service to become the biggest on-demand streaming service provider in the United States. It is also setting its sights on global domination: In September 2014, Netflix added six European countries—including Germany and France—to its ever-growing roster of global sites.[6]

The numbers continue to tell the story. Netflix's current market value stands at $28 billion, just $2 billion shy of the market valuation of CBS Network, the most watched TV network in the US.[7] From its subscription base of 300,000 in 2000,[8] Netflix's American subscribers crossed the 30 million mark in October 2013, exceeding HBO's 28.6 million online subscribers for the first time.[9]

But what happened? Why did the curtains fall on what had seemed to be a rising star? And how did the underdog go from being a fledging business to becoming an industry leader?

BEING TECHNOLOGICALLY MINDED: IT'S NOT JUST ABOUT TECHNOLOGY

In 1985, in Dallas, Texas, David Cook, a database enthusiast, was watching his oil equipment company flounder amidst plunging oil prices. Eager to cut his losses, Cook abandoned the business and started scouting around for new ideas.

By that time, the VCR was fast becoming a mainstay in America's living room, and the VHS was emerging as the standard format for the viewing of videos. Sandy Cook, Cook's ex-wife, disappointed by the limited selection of titles in her neighbourhood store, suggested that Cook open a chain of "superstores" that could capture the booming video rental industry.

On 19 October 1985, the first Blockbuster store opened at the corner of a busy intersection along Northwest Highway.[10]

From the onset, Blockbuster was a success. Lines of excited customers snaked around the store and the cash registers rang nonstop. Soon, investors wanted in. Blockbuster hit all the right notes. Customers wandered in wide-eyed at the large expanse of selection displayed openly; until then, VHS

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tapes had been traditionally kept in the backroom, brought out only when a customer made a request. Parents embraced with open arms Blockbuster's family-friendly policy of refusing to stock adult films by bringing their entire brood to the store. Teenagers hung out at Blockbuster late at night when other businesses were already closed for the day.

Cook's background in computing came in handy. He developed a computer system that scanned bar codes to access key data from the rental tapes and member cards. This accelerated retail operations as it bypassed the time-consuming process of manually recording differentiated rental charges and late fees. The system also allowed store managers to keep track of the burgeoning inventory; the inventory system would eventually allow Blockbuster to expand at a phenomenal rate of a new store every 17 hours.[11]

Yet for all of Blockbuster's adoption of technology, it was never a technologically disruptive company. At its heart, Blockbuster was a brick and mortar business that adopted existing technology as a means to achieving greater efficiency within the current framework of doing business. It was not interested in advancing technology further, nor did it did seek to revolutionise business models as technology made new strides.

Just two years after Blockbuster opened, it was already on the fast track to expansion. However, as it was with Netflix in 2000, Blockbuster faced a cash flow problem in its embryonic years.

In 1987, Wayne Huizenga, an American businessman with a reputation for consolidating fragmented industries, bought over the company. Huizenga was old-school and ruthless in his tactics: he simply bulldozed his way through the competition by buying them over. One by one, Blockbuster forced its competitors out of the game. By the late eighties, its market share had also expanded proportionately.

Yet this was a business strategy based solely on muscle power, without any attempts at innovation. Revenue was generated through physical expansion—Blockbuster was opening up one new store a day at its height in 2004. It also squeezed customers dry by demanding exorbitant late-return

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fees: in 2000, late charges contributed nearly $800 million to the company, accounting for a whopping 16% of total revenue.[12]

Importantly, Blockbuster did not use technology to disrupt existing business models: while Cook may have been a front-runner in the development of the inventory system, the technological potential of this invention was never fully realised. Although this system allowed consumer analysis reports to be generated—which would have facilitated better strategic decisions—Blockbuster never took advantage of this technological function until many years later, when it was no longer at the top of its game.[13]

This lack of technological drive was underpinned by an overbearing focus on the present at the expense of the future. There was no larger vision, no overarching purpose that could push the company to greater heights —the singular focus on profit margins ironically compromised Blockbuster's value to customers.

Netflix's beginnings were triggered by a lacklustre customer experience at Blockbuster. In 1997, Reed Hastings rented a copy of *Apollo 13* at his neighbourhood Blockbuster store. He was late in returning the title and was slapped with a $40 fine.

"It was six weeks late and I owed the video store $40. I had misplaced the cassette," Hastings recounts. "It was all my fault. I didn't want to talk to my wife about it. And I said to myself, am I going to compromise the integrity of my marriage over a late fee?" As he headed to the gym to exercise, a thought came to his mind: what if there was a better business model than Blockbuster? What if he provided a flat-rate rental service with unlimited due dates and no late fees?

This marked the beginning of the Netflix journey.[14]

From the start, Netflix adopted a disruptive business model in the way it went about making its business decisions. The choice to rent out the more technologically-advanced DVD was a strategic one: even though DVDs were just appearing on the market at that time, they provided superior viewing quality compared to the older VHS formatting. They were also less bulky, thereby reducing postage costs. Importantly, Netflix completely did

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away with a physical storefront. It mobilised the power of the Internet by setting up an online rental site where people could reserve their videos and have them delivered to them by post.

At the time, the mechanics of the Internet were still rather rudimentary: compared to today's high-speed wireless connectivity, the only way to access the Internet then was through a dial-up connection via one's phone line. Nonetheless, such a business model retained certain irreducible advantages over the traditional bricks-and-mortar store: Netflix saved on rental and operational costs, enjoyed reduced personnel requirements, and ran into fewer limiting factors when it came to scalability. The few advantages that Blockbuster initially possessed quickly receded into the background.

First, Blockbuster's leverage with its sizeable selection of titles was immediately negated by Netflix's virtual inventory. Whereas Blockbuster's ability to expand its selection was ultimately limited by considerations of space, the infinite expanses of the Internet made this a moot consideration for Netflix. Similarly, the snowball effect created when customers discovered new titles by browsing the open racks at Blockbuster paled in comparison to Netflix's technological alternative. By tracking customers' browsing and rental history through computer algorithms, Netflix could generate personalised recommendations of titles to watch.

Importantly, throughout its lifespan as a company, Netflix has constantly sought to push the envelope on technological innovations in the interest of disrupting the industry and creating new markets that had not existed previously. These efforts were not limited to its in-house research team—Netflix never shied away from jumping onto the technological bandwagon of other tech-savvy firms and adapting these technologies for its own use.

Even as the DVD-rental business took off, Reed Hastings was consistently looking for new ways to disrupt his business. As early as 2000, the same year that Netflix tried to get Blockbuster to purchase a partnership stake in it, the Netflix team was already busy trying to figure out a way to deliver movies directly to the home via the Internet.

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The idea wasn't new. In September 1995, ESPN SportsZone streamed the first live radio broadcast of a baseball game between the Seattle Mariners and the New York Yankees to an audience comprising thousands of listeners spread across the globe.[15] Media streaming was hovering on the edge of a breakthrough, although it would be years before the battle between technology companies such as Microsoft and RealNetworks yielded any kind of credible results. In an era where bandwidth was both expensive and miserable, the best the Netflix team could muster in 2000 was an unimpressive delivery time of 16 hours for a *single* movie.[16]

Hastings knew, however, that Netflix had to be one step ahead of the technological curve if it wanted to survive. He persisted with efforts to deliver movies via the Internet and poured even more resources into these endeavours.[17] In late 2003, these efforts culminated in the development of a hardware that would download movies according to your movie queue. An average movie, however, would still need six hours for it to completely load. It didn't look as if this was going to be sufficient enough to disrupt the market. Hastings himself was not entirely keen on relying on hardware either; his ultimate aim was to develop software that customers could use without the hassle and fuss of purchase and installation.

14 February 2005 heralded the dawn of a new era in online media —it marked the founding of YouTube, a video-sharing website that allowed viewers to "click and play". Hastings knew right away that this was the disruptor he was looking for. Netflix got to work on incorporating this new technology into its online services, and by 2007 officially rolled out its on-demand streaming services. The future of television was forever changed.

For all of its emphasis on computer engineering and software development, Netflix is inherently a video streaming company. It is not a technology company, nor is it a software developer. Yet in an increasingly open economy where change is being driven by technology, Netflix has grown its market share by being technologically minded. Whereas Blockbuster simply adopted ready-made technology as a means of increasing its share of a diminishing market pie, Netflix continuously pushed the

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boundaries of technological change in order to disrupt the market and expand the size of the entire pie.

Being technological has allowed Netflix to be an industry mover and shaker. It is not simply about being ahead of the curve: it is about creating the next wave.

ACTIVELY CREATING THE NEXT WAVE

In February 2013, John Farrell, Director of YouTube Latin America, made this bold statement: "Online video will reach 75% of consumers by 2020. Within seven years, it could overtake broadcast TV and even pay TV."[18] Clearly, the future of home entertainment is changing.

Before online streaming became part of our everyday vocabulary, however, Blockbuster completely missed the ball in anticipating just how ubiquitous the Internet would become. In fact, it never quite understood the value of the Internet. Instead, it insisted on a growth strategy that was woefully outdated: even as property and manpower costs continued to climb, Blockbuster persisted in channelling its funds into securing its physical presence. By the time it tried to salvage the situation by pumping in hundreds of millions of dollars in a new online service to rival Netflix —eight whole years after Netflix had established the service—Blockbuster was already antiquated.

Netflix, on the other hand, has consistently sought to stay ahead of the game. It has invested much time and effort in keeping abreast of developments within the technological spectrum: by being a pioneer in the early adoption of online streaming and cloud computing, and subsequently working on developing the incipient infrastructure, Netflix has effectively become a leader within the industry.

Importantly, Netflix has also paid much attention to the way technology intersects with entertainment, focusing on how these interactions have changed the face of consumer behaviour. Such observations are not simply passive; as the Internet revolutionises the way the world works, Netflix has

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embarked on a mission to actively shape viewers' behaviour. In this way, it doesn't have to worry about staying ahead of the curve. It now creates the curve.

From the very beginning, Netflix operated on a subscription model where customers paid a flat fee to watch an unlimited number of shows. Its introduction of on-demand services changed the way people thought about television: In the past, viewers had to be content with waiting each week for a new episode to come out on broadcast TV. With on-demand streaming however, entire seasons of older series became available for viewing, allowing marathon-viewing of multiple episodes, or what has become more popularly known as binge-watching.[19] As viewers got accustomed to consuming an entire season in a single sitting, the rules and expectations surrounding television production also changed.

In 2013, Netflix released its first original production, a remake of the television series *House of Cards*. Unlike traditional TV series, Netflix made the unconventional decision of premiering an entire season of the show on its site. Producer of the show Beau Willimon joked that "[the] goal [was] to shut down a portion of America for a day" as audiences binge-watched the show.[20]

With the expectation that viewers would be consuming the series in huge gulps, the creative team at *House of Cards* did away with several traditional features of network TV, including the use of flashbacks that served as a device to remind viewers of the previous week's episode. Writers could weave in greater plot twists as well, since an event that happened four episodes ago, was also more likely to have been watched by the viewer four hours ago.[21]

Netflix could make such a radical break from traditional programming because it had the data to back it up. By analysing users' habits on the site, Netflix was able to come to the conclusion that a political drama starring Kevin Spacey would appeal to its millions of subscribers. While Netflix has refused to release viewership numbers, a pilot survey conducted among 3,000 USA video on-demand subscribers places it as the top-ranking online

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streaming show in the US, underscoring the popularity of the show.[22]

Beyond television, Netflix has also set its sights on the movie industry. In 2014, Netflix made waves when it announced that it was going to bring new movie releases to its streaming platform. Users can expect to catch the sequel to Ang Lee's 2000 blockbuster hit, *Crouching Tiger, Hidden Dragon*, on Netflix in 2015, even as the movie simultaneously debuts in IMAX theatres. Netflix has revealed as well that it will be financing the production of four Adam Sandler movies to be rolled out over the next few years on its online platform.[23] As home entertainment systems continue to evolve, it is evident that Netflix is trying to shape and disrupt the way viewers are consuming movies.

It is important to anticipate changing trends when making decisions in the present—Blockbuster did not: perhaps it was a fear of the future or complacency that drove it to denial and paralysis. This culminated in its redundancy and subsequently, failure.

In this fast-moving world, staying ahead of the curve is no longer enough. A company might possibly hope to survive in the increasingly competitive economy by staying one step in front of its rival. However, if it wants to be sustainable, it is not enough to be ahead of the curve, one has to invent the curve.

Reed Hastings says it best himself: "I've always thought trying to change consumer behavior is scary, and most companies that promote that fail. But when it works, like iPod, it works big."[24]

Netflix has been able to enjoy growth over the last decade because it set its goal higher: be ahead of the curve, but better yet, invent the curve.

LEADERSHIP MATTERS

While technology and innovation contributed to Netflix's success, they are insufficient. Ultimately, without leadership that is bold and focused on a clear vision, these factors count for nothing.

In Blockbuster's case, the video-rental chain lacked a strong leader. Its

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leadership read like a revolving slate of managers whose visions were often muddled, short-sighted and incoherent. Wayne Huizenga, Blockbuster's first CEO after David Cook left the company, pursued a strategy of aggressive buyouts and expansion. In 1994, after Huizenga left the firm, Steven Berrard took over his position. Under his leadership, Blockbuster stepped up its rate of expansion. But Berrard was only at his seat for a year and a half, and by 1996, amidst fledging sales, yet another CEO, Bill Fields came on board. In his short one-year tenure, Fields attempted to diversify Blockbuster's business by bringing in other merchandises to the store. All of a sudden, Blockbuster was not only renting out videos, it was also selling T-shirts, toys, snacks, books, magazines and CDs. By the time John Antioco took over the role in 1997, Blockbuster was in over its head.[25]

Antioco immediately set about trying to streamline operations. He moved the business back to its original core—video rentals—while reviving its old tag line, "Make it a Blockbuster Night". He scaled back on Blockbuster's expansion plans, and also moved to cut personnel by a third. However, Antioco missed Blockbuster's golden opportunity when he slammed the door shut in Netflix's face in 2000. He quickly realised his mistake and moved to implement Blockbuster's online operations.[26] But by that time, it was too late.

Infighting led to Antioco's removal at the helm in 2007. James Keyes, the previous president and CEO of 7-Eleven, was installed as CEO.[27] Keyes halted Blockbuster's unprofitable online service and tried to buy over rival Circuit City. But he could not steer the large ship that was Blockbuster away from the impending iceberg it was heading towards. In 2010, Blockbuster was finally declared bankrupt.

On the other hand, Netflix's founder and CEO Reed Hastings had a clear vision about the direction that he wanted his company to head towards from the very beginning. This conviction provided him with the ability and sharpness to sift through what was less important and to focus instead on what was truly crucial. This in turn gave him the boldness to make decisions that were difficult and genuinely painful.

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Even as Netflix begun as a DVD-rental service in 1997, Hastings already knew that he wanted to build an Internet-based company that would provide streaming services. When asked about Netflix's move into the streaming business in 2009, Hastings replied, "Eventually in the very long term, it's unlikely that we'll be on plastic media. So, we've always known that. That's why we named the company Netflix and not DVDs by Mail."[28]

This clarity in vision and farsightedness has led to Hastings making some incredibly bold and radical business decisions.

In 2000, engineers at Netflix were racing against the clock to develop a technology that would allow movies to be streamed online. In 2003, they came up with a hardware that could stream movies onto the computer, but at a price—$300 and a lengthy wait of six hours. It wasn't what Hastings wanted.

When YouTube made its premiere in 2005, Hastings did not hesitate. Despite all the hours, effort and manpower that went into making the device, Hastings pulled the plug. The device was quickly dropped and the engineering team shifted its focus to developing its online streaming services. Two years later in 2007, Netflix's had its on-demand streaming service up-and-running.

As Netflix transited to becoming a fully-fledged, on-demand streaming company, its R&D team continued to work on innovating technology. The same year that on-demand streaming was introduced, the team at Netflix was making the final preparations to release a Netflix-branded device that could stream movies and TV shows on television by connecting it to the Internet.

A few weeks before the device was due to be publicly released, Hastings aborted the project. Jaws dropped. Anthony Wood, then-VP of Internet TV at Netflix remembers: "We built our own streaming player and hardware, which was a bold step for an Internet company. And the whole time, we had been showing demos at company meetings. Everyone was really excited. Everyone really wanted to ship the Netflix player."[29]

Hastings, however, had realised that a Netflix hardware would place

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it in direct competition with hardware providers such as Apple and Sony. This would threaten potential partnerships with existing market leaders. According to a high-level insider, "Reed said to me one day, 'I want to be able to call Steve Jobs and talk to him about putting Netflix on Apple TV. But if I am making my own hardware, Steve's not going to take my call.'"[30] If this happened, Netflix would not be able to promote its streaming services as effectively across different device providers. In the end, Hastings decided that Netflix's identity was first and foremost a video streaming software company.

The Netflix team responsible for the development of its earlier streaming hardware was quickly re-constituted as a separate company known as Roku. This kept the hardware development component distinct from the core business of the firm.[31] Today, Roku is a leading device maker for digital media. Not only has it produced hardware for Netflix, it also counts other leading digital media providers, such as Amazon and Hulu, among its clients. Netflix, meanwhile, avoided the potentially devastating conflict of having both a hardware and software arm.

This was not the only time that Hastings stepped up to make a difficult decision. After Netflix introduced streaming, it was faced with the task of persuading its subscribers to switch to streaming from DVD rentals. Unwilling to go down the same path as AOL, which was unable to retain its dial-up customers when it switched to offering broadband services, Hastings knew that he had to find a way to capture his 10 million subscribers before another company beat him to it. Together with a small team, Hastings decided they would give streaming away.[32] For no additional cost to the existing subscribers, Netflix would offer them unlimited streaming.

The set-up was thorough: Netflix approached networks for older TV shows and films that were cheaper to acquire. Employing Netflix's personalised recommendation engine, they directed customers to these older shows based on their preferences. This way, Netflix was able to keep the initial costs of streaming low to prevent the free streaming services from becoming a fiscal burden.[33] The strategy worked, and today, Netflix has

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more than tripled its subscriber numbers from the 10 million it had in 2007.

Of course, Hastings hasn't always been right. The 2011 disastrous separation of Netflix into its on-demand streaming and DVD rental components was a mistake that Hastings has readily admitted to. In addition, Hastings also tripped up on the sudden introduction of an increase in subscription price. This became a huge public relations failure that led to the loss of 600,000 subscribers and a drop of 50% in stock prices.[34] Since then Netflix has bounced back, and importantly, learned from its mistakes.

Netflix and Blockbuster started out in the same industry. Both showed keen signs of becoming the next big thing. At their core, however, they couldn't be any more different. Blockbuster took an existing business model and scaled up. For a while it prospered under the illusion of expanding storefronts, but unable to sustain this inefficient way of doing business, it was forced to pull down its shutters.

Netflix, meanwhile, started out by disrupting the business model Blockbuster had championed. Had it simply assumed that business would continue as usual, it could easily have gone down the same path as Blockbuster. However, the leadership had the foresight to imagine a larger vision for the future, driven by a strong sense of identity and value.

OVERVIEW OF THE SECTION

In a complex and uncertain world, it is no longer enough to merely survive. There is a need to get better at making strategic decisions—decisions that will place you in an advantageous position for sustained success. You want to emulate Netflix's strengths while learning from Blockbuster's mistakes.

This book is designed to introduce you to a decision-making framework that was developed at FMG. We call this methodology **F**oresight-driven, **U**nderstanding, **S**trategy and **E**xecution, or FUSE.

There are four core principles to this approach:

First, people matter.

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While technology has the potential to bring about huge advances in the development of society, it takes its cue from the social, cultural and political intelligence of human beings. Technology by itself is merely a tool; it only gains purpose when people inject meaning into it.

Human intelligence is not the only requisite component, however. Leadership is key to navigating this world. We need leaders who have imagination and vision, who dare to go beyond the thinkable, who commit resources in a distinct and coherent direction.

Second, ideas matter.

How we think about the world shapes the way we react to events happening around us. Ideas are thus powerful. They have the ability to frame facts in a way that influences your actions.

Third, data matters, but not as much as we may think.

Even as we rely on ever-increasing amounts of knowledge to inform our decisions, the uncertain nature of our world means that we can never assume perfect knowledge of anything. How many times have we extrapolated present trends into the future, only to be proven otherwise?

While you should always be in the habit of substantiating your claims and assertions with cold, hard data, you need to recognise that nothing is set in stone. Facts change, and you need to retain the flexibility to change your mind accordingly.

Furthermore, we often lack the relevant data to make an informed decision. This is where imagination and ideas fill that knowledge gap. An over-reliance on data can result in an unhealthy 'crutch' mentality, where we cling on to what we know at the expense of embracing that which is unknown but may well produce positive and concrete differences in performance —what we in FMG refer to as a "delta".

Finally, action determines outcomes.

Foresight is not passive. It is meant to effect positive change in the future by taking action in the present. That is also why the FUSE framework does not end at strategy formulation. Execution of the strategy is necessary to bring about the desired outcomes.

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In this book, I will bring you through four key processes driven by these core principles—Foresight, Understanding, Strategy and Execution. Each subsequent section is devoted to one specific process, and is intended to introduce you to the philosophies underpinning the FUSE methodology. I will also break these processes down into smaller steps to facilitate effective action.

The next chapter in this section will provide a broader context for this conversation.

The intellectual premises for FUSE did not emerge in a vacuum; it drew on two competing approaches of strategic planning in history—Operations Research and Scenario Planning. While Operations Research employs a highly planned process of scientific methods and principles to derive solutions, Scenario Planning is a narrative-driven approach that embraces uncertainty to produce insightful perspectives of the future. Decisions are made by using these scenarios as a backdrop.

FUSE integrates the key ideas driving both processes, along with other crucial components, to provide a systematic way of undertaking foresight, strategy formulation and operational execution. By situating FUSE within the broader context of existing approaches, you will be able to better appreciate the delta that FUSE contributes to the decision-making process.

The final chapter of this section provides an overview of the entire FUSE process. I draw on a famous example of a battle that happened in the straits of Salamis, an island off mainland Greece, to illustrate how FUSE works. I will break FUSE down into its components and briefly explain how they fit together.

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CHAPTER 2
APPROACHES TO STRATEGIC PLANNING
OPERATIONS RESEARCH AND SCENARIO PLANNING

The desire to make better decisions in order to manage uncertainty and complexity is not new. As society progresses and technology advances, human beings have also come up with numerous analytical tools and devices to better deal with the complexities of our environment.

Two prominent approaches to strategic planning that have emerged over the last 50 years include Operations Research (OR) and Scenario Planning. While they have each acquired a significant following within the military and business worlds, their underlying philosophies lie in opposing directions.

Operations Research is highly steeped in quantitative data; it relies on scientific and mathematical methods to arrive at solutions that maximise the efficiency of existing operations. The goal is to pursue managerial excellence with precision and effectiveness.

Scenario Planning, on the other hand, is less concerned with number-crunching than it is with developing coherent and internally consistent narratives of plausible futures. Unlike Operations Research, it actively sets its sights on the future: Scenario Planning aims to better guide decision-making in the present to positively influence the future.

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At FMG, we believe in the value of both processes. Neither approach is sufficient on its own, especially in an environment that is fast-paced and fraught with uncertainty. We need to actively anticipate the future so that we will not be caught unprepared when external conditions change—but we also need to possess the managerial competence to execute strategies effectively.

FUSE offers an integrated approach that incorporates both foresight and management into a seamless end-to-end decision-making process. In addition to looking at foresight and execution, FUSE also emphasises introspection and strategy formulation. These individual processes become part of a sequential chain, where the outputs from one process become the inputs for subsequent steps.

In short, FUSE is a systematic and rigorous methodology aimed at creating "delta".

To better appreciate and understand the value of FUSE, it is useful to first recognise how strategic planning has been traditionally considered. The next two sections in this chapter will look at the competing approaches of Operations Research and Scenario Planning in greater detail, with particular interest in their origins and intellectual roots.

The third section, meanwhile, brings FUSE back into the picture. I will show how FUSE drew inspiration from these conventional approaches. Importantly, I will demonstrate how FUSE adds value to the existing toolkit of decision-making methodologies.

OPERATIONS RESEARCH (OR)

History of OR

OR has its roots in World War II, as advances in technology dramatically changed the face of warfare. The scale and magnitude of warfare was recalibrated upwards: war was no longer confined to overland hostilities —the introduction of the fighter plane and battleship extended the battleground to the infinite reaches of the sky and ocean, while improvements

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in telecommunications enabled military communications across vast distances.

Such technological developments represented a fundamental shift in the way war was conceived: with technology advancing in huge strides, the limiting factor shifted from technology to strategic and tactical advantages.

The recognition that the defining delta would come not just from technological superiority alone, but from better tactical and strategic planning, eventually laid the groundwork for the development of OR during World War II.

Radar and the Development of OR

More than any other single event, the invention of radar in Britain contributed to the development of the discipline that would come to be known as OR.

The use of radar was not exclusive to the British military; by the time World War II broke out, other nations had independently discovered the technological features of radar. What distinguished Britain in its use of radar, however, was not just the technology involved but the way in which radar became integrated into a larger *system*.

The use of radar in tandem with OR gave the British military the leverage it needed to secure a narrow victory in the Battle of Britain. In the wider scheme of things, the confluence of the two contributed to the Allied victory over the Axis powers. In fact, at the end of the war, Sir Stafford Cripps, Minister of Aircraft Production, wrote: “I do not hesitate to say that without [the Operations Research team] we should certainly not be celebrating the victory in Europe—yet—and probably never.”[1]

As early as the 1920s, the British military had already recognised the need to bolster its air defences by developing an early warning system that could detect incoming aircraft. This system was unveiled at a demonstration in 1934 —an acoustic system that depended on concrete “mirrors”. Nothing could have made for more conspicuous targets off the southern coast of England.

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ABOUT THE AUTHOR

Devadas Krishnadas is the founder and CEO of Future-Moves Group. Prior to founding Future-Moves Group, Devadas played a leading role in developing Singapore's fiscal and social policy where he led efforts in long-term planning and strategic thinking.

He is the author of *Sensing Singapore: Reflections in a Time of Change*, and has been cited and published in international publications on foresight and strategy.

ABOUT FUTURE-MOVES GROUP

Future-Moves Group is an international consultancy founded in 2012. It is Southeast Asia's first strategy consultancy using foresight tools to complement conventional analysis. Headquartered in Singapore, Future-Moves Group's practice is international and multi-sectoral.