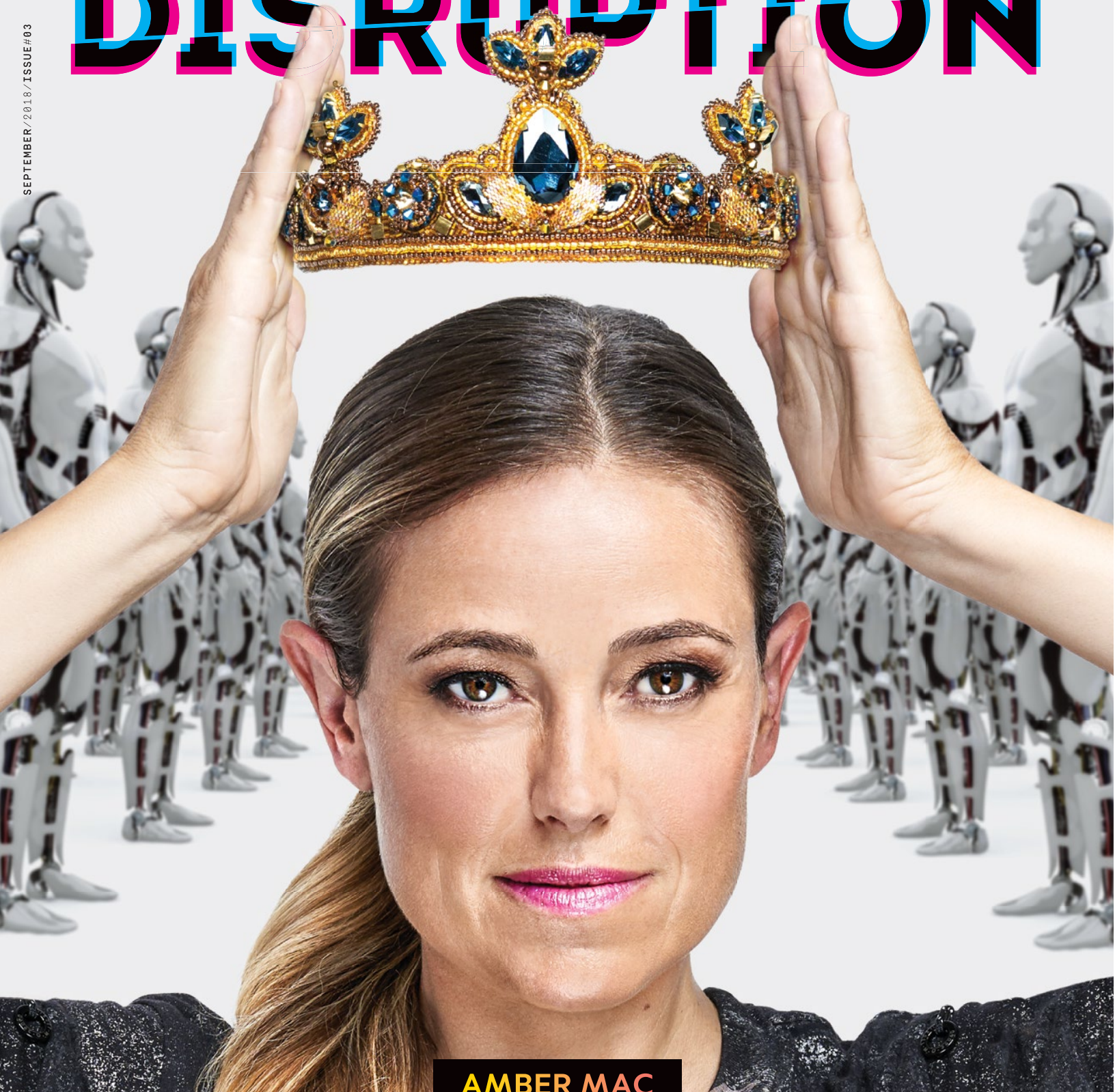


DISRUPTION



AMBER MAC

|| LEADING A TECHNOLOGY ||

DISRUPTING
EVERYTHING
WE DO

|| REVOLUTION ||





COPING WITH UNPRECEDENTED CHANGE

STRATEGIES FOR THRIVING IN OUR
FAST CHANGING BUSINESS WORLD

We're experiencing more change than ever before, and the rate of those changes are accelerating exponentially. While it took the aviation industry 68 years to reach 50 million customers, it took Pokémon Go just 19 days.

BY JIM HARRIS

IT

used to be large organizations that dominated the small, but now it is the fast that are disrupting the slow. Uber is worth more than every taxi cab company in North America added together. Airbnb has more accommodation than the Marriott (the largest hotel chain globally). Tesla is worth more than General Motors. Amazon is worth more than Walmart added to seven other large retailers.

Most large organizations are constitutionally incapable of changing quickly. There are exceptions: large companies that were born digital – like Google and Amazon – are fast to change, fast to pivot, fast to take advantage of new markets, new business models and new services.

This unforeseen handicap is largely responsible for only twelve per cent of *Fortune* 500 companies from 1955 remaining on the list today. While bigger always meant better for businesses in the past, it is now making them harder to maneuver, their size becoming an anchor instead of a motor.

CHANGE: THE NEW NORM

Exponential trends like Moore's Law, the advent of 5G wireless (where you can download an HD Hollywood movie in 3.6 seconds), the Internet of Things (IoT) where we will have 50 billion connected devices by 2020, the plummeting price of digital storage (from \$1 million per gigabyte to less than 5 cents per GB today), declining cost of solar and battery storage are all enabling new entrants to disrupt once dominant market players.

To meet, evolve with and compete against these changes, change within organizations needs to be even faster than the disruptions flying towards them.

If the rate of change externally is greater than the rate of change internally, then disaster is imminent.

For traditional, hierarchical, large organizations, this is a tough concept as they are still working within slow, bureaucratic, command and control structures. These things have them set on cruise control while smaller, independent organizations have engines they've personally souped up for drag racing.

In other words – if technology is changing, customer preferences are changing and competitors are changing faster than your organization is then it's time to pick up the speed to get ahead of the pack or risk being run off the road.

PERSONAL STRATEGY FOR COPING

How amidst all this change can individuals cope? While large organizations as a whole may need to contemplate taking the kind of risks that involve a helmet and breakneck

speed, for us, as individuals, there may be a less frenetic way to look at this rate of change.

In a stressful situation such as this, I think about the Taoist Farmer:

Taoism is an ancient Chinese religion. There was a poor village in rural China. In it lived a farmer who owned a horse which he used for plowing and riding to market so the villagers considered him a wealthy man.

One day his horse ran away. And all the villagers said to him "What terrible luck, you've just lost all your wealth."

And the farmer replied, "Maybe."

Then two days later his horse came back bringing with it two wild horses. And the villagers said, "What incredible luck, all your wealth has returned and you're three times as wealthy as you were."

And the farmer replied, "Maybe."

The next day the farmer's only son was out riding one of the wild horses, trying to tame it and it bucked him off and he broke his leg. Three thousand years ago in China a broken femur was life threatening.

And all the villagers said "What terrible luck, you're only son with a broken leg."

And the farmer replied, "Maybe."

And the next day the Emperor's men came through the village conscripting every young man to fight in a war, taking every young man to their certain death, *except* for the farmer's son.

And the villagers said "What incredible luck."

And the farmer replied, "Maybe."

Sometimes the most wonderful events in hindsight aren't. And sometime the most difficult situations are the foundation upon which glorious things are built. But the "good" or "bad" of a situation is only seen by the light of the next day.

Life is paradoxical. We live it going forward but only truly understand it in hindsight. It's as if life gives us the exam first and the lesson later. In this same vein of thought, we do not have to react strongly to things immediately as we don't honestly know if they are horrible or wonderful until much later.

The Taoist Farmer is a powerful story about reframing. I actively use it to reframe situations. I will give you an example. At the grocery store there's only one "12 items or less" fast checkout lane. Imagine you're late

Jim Harris

// Disruptive Innovation Speaker

Jim Harris is the author of *Blindsided* which focuses on disruptive innovation. It is published in 80 countries worldwide and is a #1 international bestseller. He speaks internationally at more than 50 conferences and seminars a year. Subscribe to this YouTube channel at <http://bit.ly/2lFJB5F>. You can follow him on Twitter @JimHarris or email him at jim@jimharris.com



for a meeting, standing behind an elderly woman who clearly hasn't read the sign – because she's must have at least 20 items. And now she's counting out nickels from a change purse.

My default would be impatience – and frustration that she didn't read the sign. Instead, I use the Taoist Farmer principle to reframe the situation. Maybe in the extra two minutes she's delaying me, she's preventing me from driving through an intersection where a driver runs a red light and would have T boned my car. Or, maybe, allowing this woman to have the space and time she needs to shop and pay on her own terms is simply more important than my frustration. Either way, my impatience is unlikely to help the situation or make it move faster.

FOCUS ON FRICTIONLESS

I used to represent Stephen Covey, teaching *The 7 Habits of Highly Effective People*. Stephen used to urge clients to train every single person in the organization in the 7 Habits because it creates a common understanding of problems and an approach

to solving them. It significantly increases teamwork and synergy.

Amazon considers friction the enemy of efficiency and effectiveness. It's also a driver of stress.

I know of some organizations where employees need to get approval to buy \$1.19 of paperclips from Staples. Not only does this slow down productivity and create more paperwork, it undermines the intelligence of a workforce and creates the stress of working for a company that treats its employees as incompetent. Consider the fact that the same employee who is being forced to get approval on a buck's worth of paperclips is negotiating a \$200,000 mortgage outside of work.

This begs the question, is there some latent potential that organizations aren't tapping into? And if the organization was to double the spending limit to \$2.38 would it be getting anywhere close to what we're capable of? Would tripling that amount, in fact, improve morale by showing more trust within the company, increase the rate of change and actually cost the organization less?

When considering how much less time could be wasted when seemingly arbitrary rules are modified, it's easy to see that the greatest friction for most organizations is their own internal rules, policies and procedures. We can see that the "bad" outcome of letting more purchases slide through, may actually have a "good" affect in the longrun.

If we are to accelerate the rate of change in organizations then individuals, teams and functional departments need to be taught to identify, mitigate and remove friction. Reframing and friction removal are concepts that help people and organizations navigate business with less stress and more productivity

Ultimately, like a forward-thinking business, we must make changes, accept risk and give our workers and ourselves the tools and freedom we need to do our jobs well and efficiently. And, like the farmer, we must stay our course and accept that the future will reveal the present for the gift that it is.



Helping you drive your business forward

In a world of rapid change and innovation, working with a tech-savvy financial team can help your business continue to thrive. Whether your business is just budding, expanding or going public, Steven Kim and Debra Cerny can help you grow and protect your assets.

For more information, or to arrange a complimentary consultation, contact us today.

Steven Kim

Vice-President & Portfolio Manager
RBC Dominion Securities
780-409-5355 | steven.kim@rbc.com

Debra Cerny

Manager, Technology & Innovation
Commercial Financial Services, RBC Royal Bank
780-944-7078 | debra.cerny@rbc.com

RBC Dominion Securities Inc.* and Royal Bank of Canada are separate corporate entities which are affiliated. *Member-Canadian Investor Protection Fund. RBC Dominion Securities Inc. is a member company of RBC Wealth Management, a business segment of Royal Bank of Canada. © / ™ Trademark(s) of Royal Bank of Canada. Used under licence. ©2018 RBC Dominion Securities Inc. All rights reserved. 18_90736_P2E_001