

PRINCIPLE #5 :
**PREPARE,
DON'T
PREDICT**



SELF/TEAM REFLECTION

HOW DO WE PREPARE, NOT PREDICT?

1. Bring a map of guiding principles, not a crystal ball.

"A map of guiding principles/heuristics is a great way to help you find clarity in complex, unpredictable situations."

- Consider a personal or professional situation where you feel stuck. Work through the 5 principles below to see if any of them provide new clarity about possible next steps for you.

1. Take the Long-term Perspective

- What would you want to get out of this situation in the next 1 year, or 5 years or 10 years?
- What do you need to put into your "personal/professional moat" to get there?

2. Focus on Value

- What is the value you want to create or get through this situation?
- What is the price you might need to pay to create/get that value? Is it worth it?
- What are your values that can help you endure the pain of paying that price?

3. Leverage Your Strengths

- What are the strengths that you must invest in to help you achieve your outcome?
- What are the weaknesses that you are giving too much time/energy/attention to?

4. Be Risk Aware

- How risky are the choices in front of you? What are the total, irrecoverable or permanent losses that you must avoid? What are the reasonable risks that you can take?
- What is the margin of safety that tells you of the risk you can afford to take?

5. Prepare, Don't Predict

- What is your next tangible step forward? How can you prepare yourself to take it?

SELF/TEAM REFLECTION

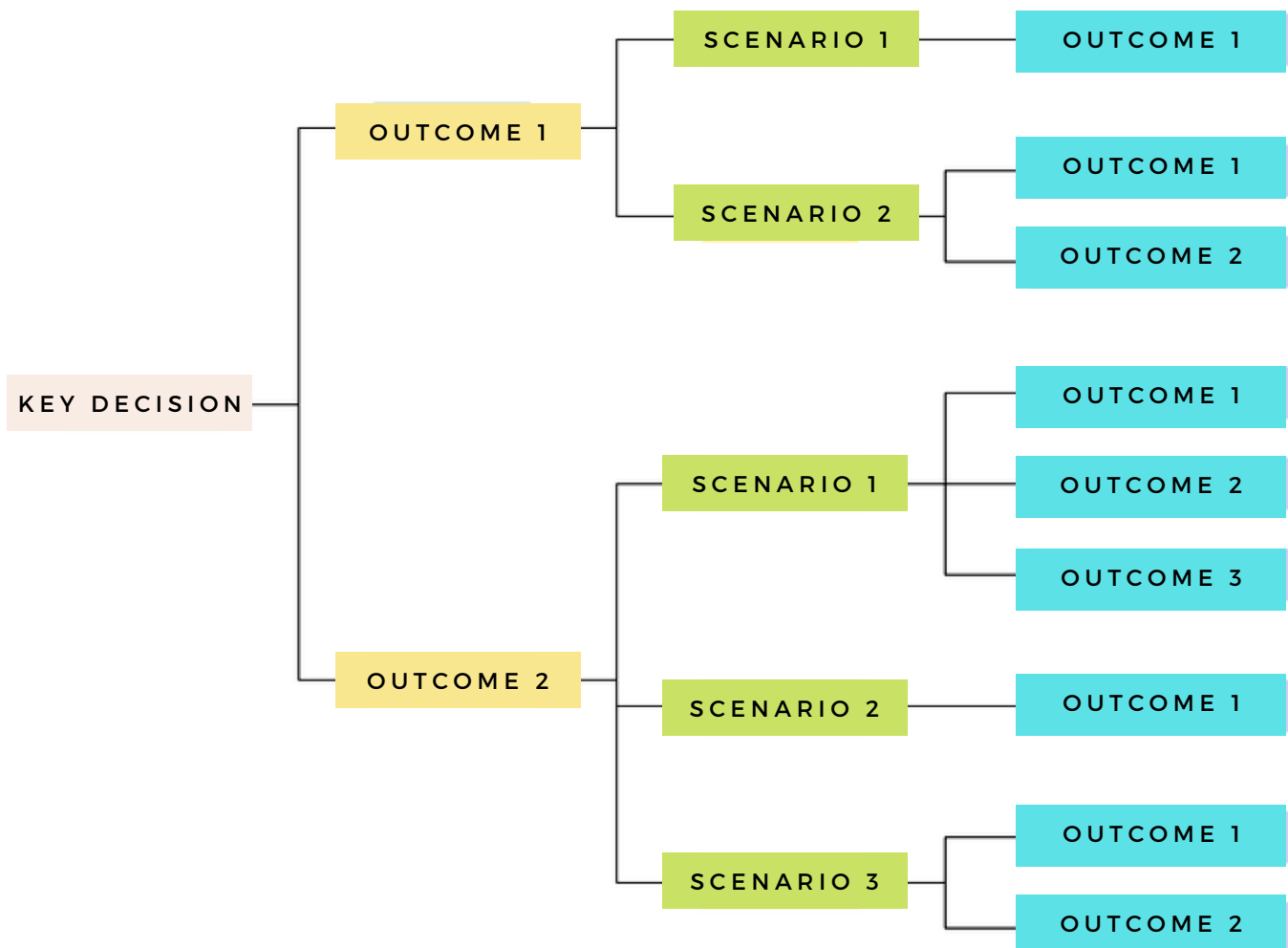
HOW DO WE PREPARE, NOT PREDICT?

2. Get clearer about probable, different personal scenarios ahead.

Use the tree layout to do some basic scenario planning around key decisions for a situation that you are preparing for.

- <https://www.smestrategy.net/blog/what-is-scenario-planning-and-how-to-use-it>
- <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/the-use-and-abuse-of-scenarios>
- <https://online.visual-paradigm.com/knowledge/scenario-planning/scenario-planning-templates-and-examples/>

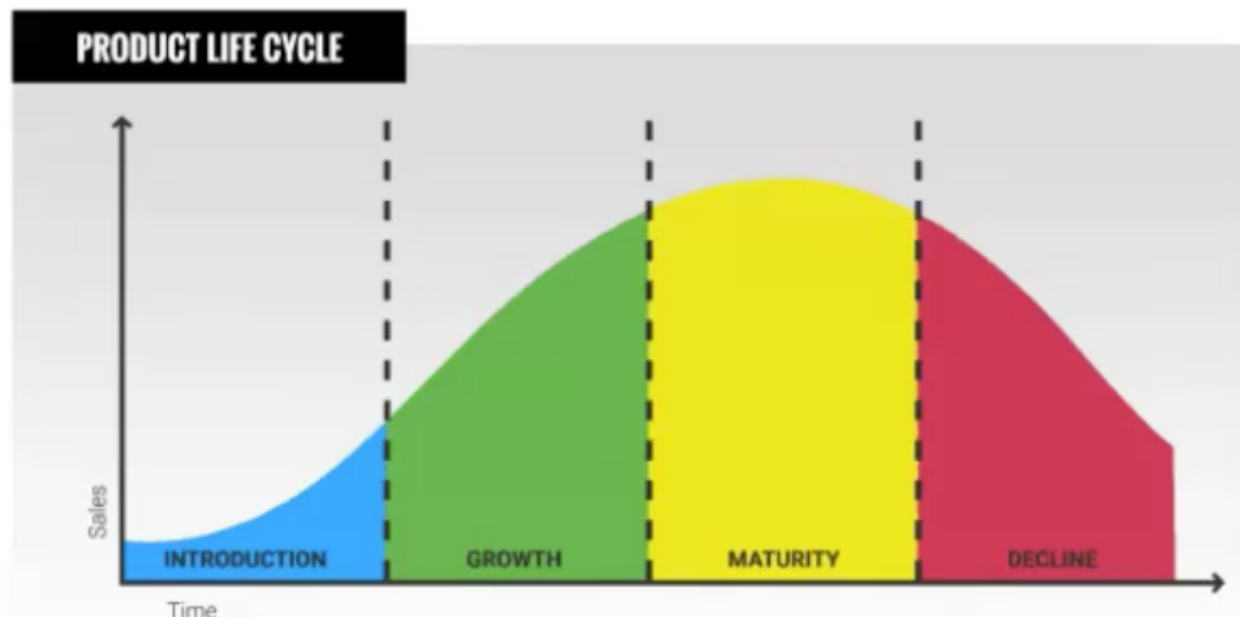
Scenario Planning Template (Tree Layout)



SELF/TEAM REFLECTION

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3. Get clearer about what cycles lie ahead for YOUR market.



THE PRODUCT LIFE CYCLE

INTRODUCTION: Product is released into the market. Marketing and promotion are at a high. First sense of consumers' response to the product. Heavy-spending period, with no guarantee that sales will make up for it. Costs are very high. Typically little competition. The goal here: build demand, get it to consumers, hope to cash in on growing popularity.

GROWTH: The product concept is proven and is becoming more popular. Sales are increasing. More become aware of the product. Product in the growth stage is tweaked to improve functions and features. As the market expands, more competition often drives prices down to make products competitive. Sales are still growing and generating revenue.

MATURITY: Sales tend to slow or even stop - signaling a largely saturated market. Prices begin falling due to competition or lower demand. Companies innovate to reach different market segments. Less successful competitors are pushed out of competition.

DECLINE: Sales drop significantly. Consumer behaviour changes as there is less demand for the product. The company's product loses more and more market share, and competition tends to cause sales to deteriorate. Marketing in the decline stage is often minimal or targeted at already loyal customers, and prices are reduced. Eventually, the product will be retired out of the market unless it is able to redesign itself.

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3. Get clearer about what cycles lie ahead for YOUR market (cont'd)

Think about the market you are entering or the particular business you intend to join.

- Where do you think the market or business is according to the Product Life Cycle?
- Are you prepared to endure the volatility/uncertainty of the **Introduction** stage?
- It looks good now. But is it a **Growth** stage still in a healthy beginning or on its last legs?
- Does the market look over-saturated? If the business in a **Maturity/Decline** stage, is it good at innovating new products for a fresh Introduction stage that can help it to survive? Or is this industry/business at high risk of being pushed out of competition?

Readings

- **From a producer/business owner's perspective:**
<https://www.thestreet.com/markets/commodities/product-life-cycle-14882534>
- **Example of bubble tea industry:** <https://www.businesstimes.com.sg/brunch/far-from-game-over-from-boom-to-bust-to-boom-again-bubble-tea-is-back-in-business>

SELF/TEAM REFLECTION

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4. Get clearer about WHAT are the long-term global trends that will affect us all and we must prepare for.

Do research on the market you are entering or the particular business you intend to join.

- **It's always good to start simply with Google to see what's out there in terms of future trends that others have written about.** For instance, you can just search using key phrases like "The post COVID-19 world for (Human Resources)" , "The future of work for (artificial intelligence)"
- **You can also Google what the world's largest consulting firms are sharing on their websites about the future trends they are observing.** The large consulting firms regularly put out thought pieces and research on where current trends are going. Examples include PwC, Deloitte, EY, KPMG, McKinsey & Company and The Boston Consulting Group

ON FUTURE TRENDS WE SHOULD PREPARE FOR

Debate: Why Do We Need to Predict The Future

<https://www.nytimes.com/roomfordebate/2010/12/27/why-do-we-need-to-predict-the-future>

The World in 2050 Pursues Paths to a Sustainable Future

<https://eos.org/features/the-world-in-2050-pursues-paths-to-a-sustainable-future>

TWI2050 Report: Innovations for Sustainability: Pathways to an efficient and efficient post-pandemic future

<https://iiasa.ac.at/web/home/research/twi/Report2020.html>

McKinsey: Future of Work

<https://www.mckinsey.com/featured-insights/future-of-work>

McKinsey: The most fundamental skill: Intentional learning

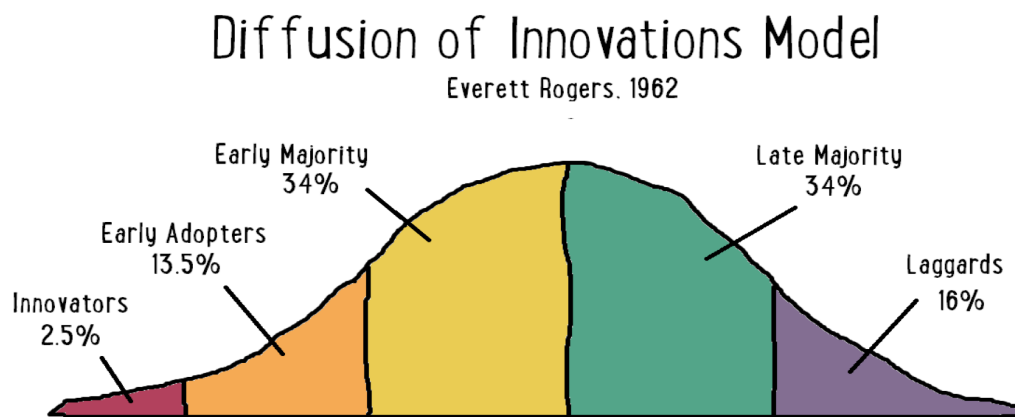
<https://www.mckinsey.com/featured-insights/future-of-work/the-most-fundamental-skill-intentional-learning-and-the-career-advantage>

Bain: Back to Work, Recovery from Covid-19

<https://www.bain.com/insights/covid-19-back-to-work-advance-retreat-adapt-repeat/>

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5. Practise being curious about your relationship with change.

Take a look at the Diffusion of Innovation Theory.

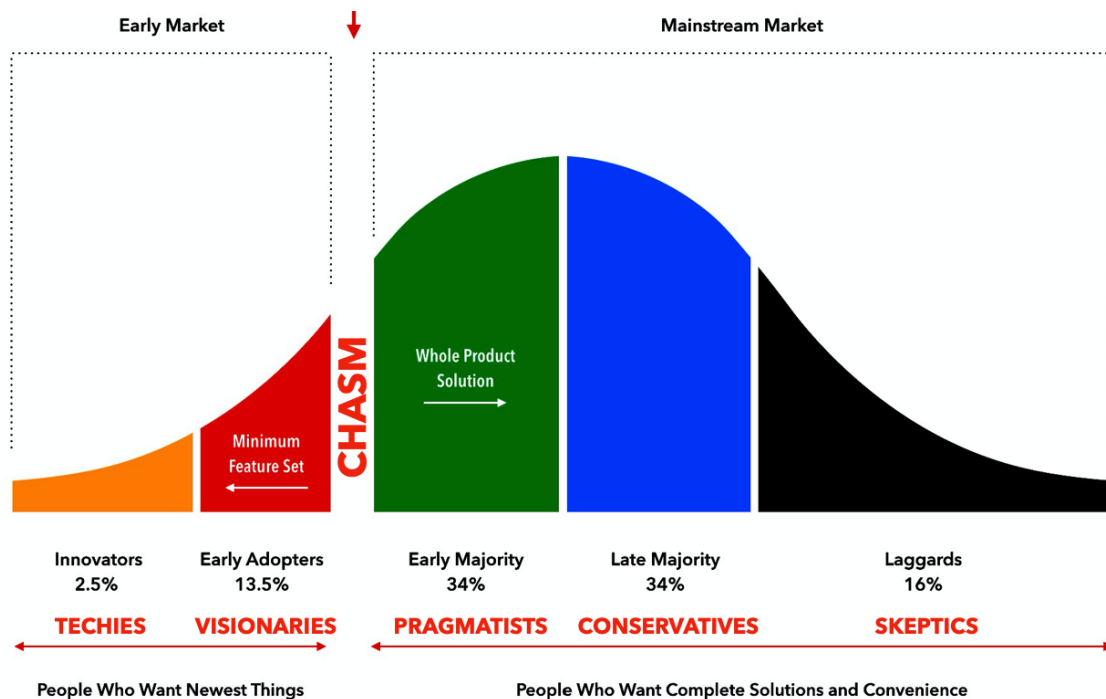
- <https://crm.org/articles/diffusion-of-innovations>
- **Innovators** are the first to adopt an innovation. Highest risk appetite/tolerance. Usually youngest in age, have highest social class, great financial awareness, very social, closest contact to scientific sources and interaction with other innovators. Financial resources help absorb high failures.
- **Early Adopters** are second fastest to adopt an innovation. Highest degree of opinion leadership. Typically also younger, higher social status, advanced education, socially forward. More judicious in choice of what to adopt vs. innovators - thus they have opinion leadership.
- **Early Majority** are slower in adoption process vs. early adopters: Usually above average social status, have contact with early adopters, seldom hold positions of opinion leadership in a system.
- **Late Majority** adopt innovation after the average member in society: Very skeptical of innovation and only adopt after majority of society has done so. Usually below average social status, has some contact with others in late majority and early majority, very little opinion leadership.
- **Laggards** are the last to adopt an innovation: Have an aversion to change agents. Usually oldest of all adopters, in contact with only family and close friends. Focused on traditions. Likely to have lowest social status, lowest financial fluidity, Little to no opinion leadership.

Reflection:

- Which archetype best describes your relationship with adapting to change and adopting innovation? What barriers might be standing in your way of adapting to change or adopting to innovation? (eg: age, financial resources, education level, social networks) What barriers are possible and worthwhile for you to explore working on?
- Which of these archetypes would you want to work for?
- Which of these archetypes would you like to learn from?

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5. Practise being curious about your relationship with change. (cont'd)

Take a look at the "Crossing the Chasm" take on the Diffusion of Innovations model

- <https://www.thegrowthfaculty.com/blog/GREATIDEASCrossingtheChasmbyGeoffreyMoore>
- **If you are an Innovator**, you may want to get clear about your position of privilege and be compassionate that not everyone can afford to pay the price you've paid to be at the forefront of change. Be curious about what big problems you can use your Innovator powers to tackle. Learn to work with honest and discerning Early Adopters who can give you feedback and help you bridge with everyone else.
- **If you are an Early Adopter**, you can get curious about what the Innovators see. Learn from them and consider what they see that everyone else does not see - yet. Learn to bridge the gap (the chasm) between the early adopter to the early/late majority.
- **If you are an Early Majority**, you can keep talking to more early adopters and follow their opinion leadership to learn about new ideas or changes.
- **If you are a Late Majority**, you may want to adopt a habit of checking in and reflecting on your resistance towards change and new ideas. Cherish your conservatism but experiment with adopting changes recommended by pragmatists or just reading up on new ideas touted by visionaries.
- **If you are a Laggard**, you may want to first experiment with expanding your circle of contacts beyond family and close friends. Cherish your traditions but also experiment with talking to pragmatists and conservatives who show curiosity about new ideas and changes.

READING LIST

HOW DO WE PREPARE, NOT PREDICT?

ON THE ALLURE AND DANGERS OF JUST FOLLOWING PREDICTIONS

Bears predict Biden. Squirrels Foresee Trump

<https://theweek.com/articles/947249/bears-predict-biden-squirrels-foresee-trump>

The risk perception gap: David Ropeik at TEDxWaldenPond

<https://www.youtube.com/watch?v=vIFT6nEFaLQ>

Risk literacy: Gerd Gigerenzer at TEDxZurich

<https://www.youtube.com/watch?v=g4op2WNc1e4>

Invisible gorilla + Inattentional Blindness

<https://www.livescience.com/6727-invisible-gorilla-test-shows-notice.html>

Cherry Picking: When People Ignore Evidence that They Dislike

<https://effectiviology.com/cherry-picking/>