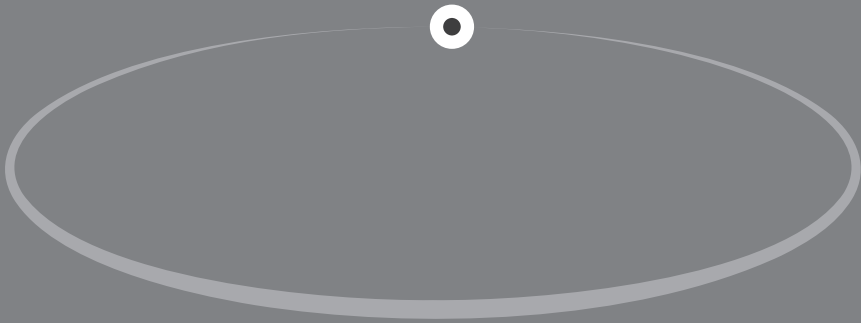


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Chapter 1

Executives Don't Know What They Don't Know

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“The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn.”

—Alvin Toffler

Alvin

Toffler introduced the term *future shock* in his influential bestselling book of that title, and he described it as a form of cultural anxiety, with both psychological and physiological effects.¹ Put simply, it’s the inability to cope with the rapid and myriad social and technological changes of modern society.²

Future shock has run rampant within companies during in the wake of COVID-19 pandemic.

I had a very special opportunity to speak at the Hawaii Medical Services Association (HMSA) Employer Well-Being Forum in Honolulu about the future of work and employee well-being. Even though I was visiting paradise, the local companies were facing the same challenges being confronted all around the world. Particular issues were the Great Resignation, with so many of their employees preferring to leave their jobs rather than return to the office, and the phenomenon dubbed *quiet quitting*, with people staying in their jobs but said to be working less diligently.

As the world opened up, employers were surprised to learn that people weren’t overjoyed to return to their traditional jobs. Nearly 57 million Americans quit between January 2021 and February 2022.³ An average of 4.2 million workers quit in each month spanning from May to September 2022.⁴ At the same time, nearly

89 million people were hired in a span of 14 months.⁵ It seems that people weren't opting out of the workforce; they were upgrading or choosing a better path for themselves.

As for quiet quitting, in time, we learned it wasn't about becoming lazy; it was about taking a stand against employers who do not value the boundaries between work and personal life.⁶ Professors Anthony C. Klotz and Mark C. Bolino, who studied the phenomenon, explained, "Quiet quitters continue to fulfill their primary responsibilities," but they are less willing to sacrifice quality personal time: "no more staying late, showing up early, or attending non-mandatory meetings."⁷

As a leader before Covid it was easy to see this as a reason for widespread termination. "Let's just fire them," many thought, even if they didn't say so out loud. After all, the job market was so competitive that they needed to hang on even to those they might have liked to boot. They would have learned a valuable lesson had they opened their minds to other possibilities about why employees were so discontented. The Great Resignation and quiet quitting were reflective of a large-scale reevaluation of life itself and how work fits into our lives.

Arianna Huffington,
founder and CEO of Thrive Global, emphasized,

**“People aren’t just quitting
their jobs, they’re rejecting the
idea that burnout is the price
they have to pay for success.”**

The Novel Economy is propelled by communities of employees, customers, and other stakeholders who are awakened, paying attention, and choosing themselves and their loved ones over the things that came before their own happiness in the BC era.

Unfortunately, far too many employers haven't awakened to the seismic shift underway. Some are willfully pushing back. But in many cases, they just can't envision a new, better employee experience.

When I work with executives at some of the world's most renowned legacy brands, I often observe that when it comes to emergent disruptive trends, they may not be intentionally pessimistic, cynical, ignorant, dismissive, or indecisive. Often, instead, they are so caught up in their own day-to-day pressures and deliverables that they don't have the bandwidth to dedicate their attention toward tracking and comprehending emerging trends, even ones already rocking their world.

This isn't an excuse. Executives *should* have a line of sight and resources dedicated to surfacing these threats and opportunities. They should be applying insights in short- and long-term strategic planning and decision-making. But their minds are stuck, replaying and replaying old scripts:

“We can't try that...”

“That will never work...”

“We don't have the money or resources...”

“We won't get approval...”

By stark contrast, leaders at Tuff Shed, a nationwide manufacturer of outdoor sheds, garages, and storage buildings, got creative. Like many companies at the time, Tuff Shed initially explored the scenario of letting staff go and shutting offices. The company was facing sales and installation challenges in March and April 2020. But by May, it was experiencing record-breaking sales due to a strategic pivot. They positioned sheds as instant spaces for remote home offices, remote learning, living space

for relatives, and additional storage.⁸ The company's leaders also recognized the opportunity to install structures to be used for testing at healthcare facilities. As a result, Tuff Shed enjoyed a hiring spree and reported record-breaking sales.

The Tuff Shed leaders went through a mindshift. They changed their mindset from that of being in a struggle to survive to one of capitalizing on the opportunity to thrive.

When someone tells you the change you're championing isn't feasible, it reflects their limits, not yours. They'll offer all sorts of reasonable sounding objections.

"We'll wait and see what happens...we have so many other pressing things to work on."

"We don't have the budget. "

"Market research doesn't show demand for it."

There are also, of course, those who just reflexively brush emergent trends off, "Nah, this all seems like a fad." Or they might make the common mistake of thinking that trends aren't applicable to them because they're emerging in a different market or with a different audience. Since a trend doesn't affect them directly yet, it must not be important.

"This is not for us," they might say. **"It will distract us from our core objectives."**

Excuse me. Without evaluation, how could anyone know it's not key to their core objectives?

Then there are those who "hem and haw." They're the catatonic executives who can't make a decision, whether due to fear or analysis paralysis. They're stuck and don't know what to do.

There's no way around this. Mindshifters will always have to contend with naysayers. I've seen them dig their heels in during every disruption I've tracked, for decades.

Here is a selection of the disruptions that have kept me busy over the years:

- **1994:** The consumerization of the Internet
- **1994:** The launch of Amazon.com and the dawn of e-commerce
- **1995:** The consumerization of digital photography
- **2000:** The dot bomb and initial crash of Web 1.0
- **2003:** The launch of iTunes and digitization of music, commerce, libraries, and ownership
- **2003:** The reimagination of retail design and experience with the debut of Apple physical stores
- **2004:** The debut of *World of Warcraft* and the consumerization of online immersive, virtual worlds
- **2006:** The rise of social media and Web 2.0
- **2006:** The launch of Roblox and the furtherance of immersive, virtual worlds targeting younger Internet consumers
- **2007:** The consumerization of smartphones and the debut of Apple's iPhone
- **2007:** The shift from subscription channels and rented content to streaming video with Netflix's online steaming
- **2008:** The rise of the mobile economy and the launch of Apple's App Store
- **2008:** Tesla Motors releases its first electric car and changes the future of internal combustion engine (ICE) automobiles while also reimagining the consumerization of buying and servicing vehicles (à la Apple, Apple Stores, and Genius Bars)

- **2008:** The shift from owned to streamed music with the proliferation of Spotify
- **2009:** The rise of cryptocurrencies and blockchains and the trading of Bitcoin starts
- **2008-2010:** The rise of the sharing and gig economies with the introduction of Airbnb and Uber, respectively
- **2017:** The further immersion into virtual worlds, currencies, and gaming with popularization of *Fortnite*
- **2018:** The introduction of “just walk out” technology with the launch of Amazon Go stores
- **2018:** The shift to short-form media with the globalization of TikTok
- **2020:** COVID-19
- **2022:** The shift to consumerized AI with DALL-E, ChatGPT, and the generative artificial intelligence (AI) movement
- **2022:** The popularization of the Metaverse, Web3, and nonfungible tokens (NFTs)
- **2023:** Google’s response to ChatGPT with Bard
- **2024:** Google releases Gemini AI to up its game against ChatGPT
- **2024:** Apple releases Vision Pro to usher in the era of spatial computing
- **2024:** Humane, Rabbit, and Brilliant Labs release the first wearable generative AI devices
- **2024:** OpenAI releases AI video generation platform Sora and ElevenLabs releases an AI soundtrack/soundscape generator

Disruptive trends will only continue to evolve.

Every cycle has been the same. There were those decision-makers who were dismissive and those who didn't know what to do and stood still. I find it helps to tamp down my frustration to keep in mind that these attitudes are coping or defense mechanisms. Psychotherapist Peter Michaelson writes, "Cynicism is the bravado of the faint-hearted, the strut of the weak-kneed, the battle cry of a feeble voice."⁹ Illuminating how fear is a driver of the defensiveness, American social and political activist Paul Rogat Loeb wrote about cynicism in his book *Soul of a Citizen* "Cynical resignation salves the pain of unrealized hope. If we convince ourselves that little can change, we don't have to risk acting on our dreams. If we never fight for what we believe in and aspire to, we'll never be disappointed."¹⁰

Working with many startups that disrupted their respective industries, such as Airbnb, Uber, Spotify, and TripIt, I can say that most of their incumbent competitors didn't see the threat coming (nah..., huh? no way! whatever!). Or they did see disruption ahead and just ignored it and complained about it later. Or they chose, maybe subconsciously, not to pay attention.

The problem isn't one only of old legacy brands. Even innovation giant Apple can be disrupted if not paying attention. Certainly, it wasn't ready for the market disruption caused by Spotify. The disruptors can be disrupted too, if they're not persistently mindshifting.

In late 2022, OpenAI's ChatGPT burst on the consumer technology scene, and with it, the mass proliferation of generative artificial intelligence (genAI) was born and rapidly began disrupting virtually every industry. Like Spotify with Apple, OpenAI's ChatGPT disrupted Google, which hadn't faced a serious disruption to its search business for decades. The impact of ChatGPT was so swift and menacing that it brought the company's founders Larry Page and Sergey Brin back into day-to-day operations, which they'd walked away from years earlier. A Forbes headline touted, "How ChatGPT Suddenly Became Google's Code Red."¹¹

But Google search was already facing disruption on other fronts. According to one study, more than half of Gen Z women preferred TikTok, not Google, for search.¹² Prabhakar Raghavan, SVP of search

at Google, said that “...almost 40% of young people, when they are looking for a place for lunch, don’t go to Google Maps or Search, they go to TikTok or Instagram.”¹³

This long history of resistance and denial can be dispiriting. Believe me, I know. But it also showcases the wealth of opportunity for mindshifters. Those who are closed-minded need you. You can become instrumental in motivating them to become curious about the possibilities of emergent trends. Even one voice, if creative, persuasive, and persistent enough, can spark a major mindshift. There’s a long history of this, too.

Ford vs. Ferrari

Following World War II, the popularity of motorsports and speed-based contests exploded.¹⁴ The United States was returning to normal, the economy was growing, the interstate highway system was under construction, and consumers were indulging their interests in horsepower. NASCAR was founded in the 1950s, and the mantra “Win on Sunday, sell on Monday” was born. Speed, performance, and winning directly translated into excitement, which resulted in more car sales.

By the summer of 1962, Pontiacs and Chevrolets were dominating all forms of racing.¹⁵ Winning helped propel GM to capture 61% of the market share that year.¹⁶ Meanwhile, Ford was reeling from a major sales slide due to failed products like the Edsel and the growing popularity of rival products from GM and Chrysler.¹⁷ The company had become, like many others, focused on scale, efficiencies, and profitability, prioritizing shareholder return over innovation. A mindshift was needed to turn the company around.

Lee Iacocca, then Ford Motor Company vice president, was there to lead it. He was convinced that the company’s current trajectory would doom it, and he proposed to CEO Henry Ford II that what the company needed was to be seen as a racing performance brand—as winners.¹⁸

Of course, Iacocca faced detractors full of doubt, skepticism, and scoffing. His idea was audacious: Ford should become a sports car company. And he knew how. The fastest way to do so was to purchase Italian sportscar and championship racing legend Ferrari. At the time, Ferrari was the most

“Now I don’t want to imply that we were building old ladies’ cars. But something had to be done. I had only one thing in mind. We had to beat the hell out of everybody.”¹⁹

—Lee Iacocca

prestigious and fastest car around. The company produced the highest performance and arguably most sought after cars of the day. Ferrari Scuderia, the company’s racing division and Enzo Ferrari’s absolute pride and joy, had dominated one of the world’s most daring and enduring races, the 24 Hours of Le Mans, held in Le Mans, France. By the time Ford approached Ferrari, the esteemed automobile house had already earned an unprecedented six (or seven, depending on timing) cars that attained victories at Le Mans dating back to 1949.¹⁹ But the company was liquidity-crunched and in desperate need of a cash infusion, whether through strategic investment, partnership, or acquisition.²⁰

Nonetheless, Iacocca’s ambitious idea to purchase Ferrari wasn’t initially met with resounding enthusiasm. His mindshift and ingenuity weren’t enough.

We’ve each been through this in one way or another. Even if we see the light, if we have our own “aha” or “uh-oh” moments, it’s getting others to also recognize and share in the sense of need or urgency that becomes the true art of the possible.

Iacocca didn’t give up. He needed to help Ford leadership, from Henry Ford II down, experience their own mindshifts to consider different options and solutions through a lens not biased by egos, stubbornly closed minds, or hardened hearts. He had his work cut out for him.

**The 1953 Ferrari
340/375 MM at
Le Mans**



He confronted all manner of pushback. The company was already big into racing, in NASCAR. That didn't have the cache of Le Mans, though, Iacocca stressed. Who was Iacocca to be playing the role of the company's savior anyway? He was head of marketing during the worst sales slump in the company's history. Iacocca nonetheless persisted. Finally, in the spring of 1963, Ford officially set its sights on buying Ferrari. Lore has it that Enzo was not so cordial in his rejection to Ford, insulting executives as "worthless sons of [use your imagination here]" who managed a "big ugly factory that made big ugly cars" for a "pig-headed boss" who was not near the stature of the great Henry Ford.²¹

As you can imagine, Henry Ford II didn't take the spurning well. He was livid, his ego bruised. But he rallied. "All right, we'll beat his ass," he's reported to have said. "We're going to race him."²²

Iacocca led the way with an alternative plan of developing their own more high-powered cars.

On June 20, 1964, Ford engineers wheeled the first Ford GT40 Mark I onto the show floor at the New York auto show, a revolutionary car that was built from scratch to beat Ferrari and exact revenge. "In going into GT racing, we feel we are accepting the toughest challenge presently available to the minds and talents of motor car builders," Iacocca told the press at the show.²³ While the Ford team failed to take home the victory at the 1964 and 1965 Le Mans, they learned how to adjust, invent, and improve.²⁴ In 1966, Ford defeated Ferrari, winning at Le Mans with a convincing 1-2-3 sweep, with its next-generation GT40 Mark II. Ford would go on to win four consecutive Le Mans victories, winning in 1967, 1968, and 1969.²⁵



The 1968 Ford GT40. The car was named GT for Grand Touring, with the 40 representing its overall height of 40 inches.



The Ford GT 40 leading the race at Le Mans in 1969

Toffler argued that organizations that succumb to future shock do so by choice, not chance, and by the decisions leaders make and the decisions they don't make. Henry Ford II turned out to be a good decider.

Ford vs. Ford

Fast-forward to today, and Ford is once again undergoing a renaissance. That's despite the future shock of the past few years. It's also despite the resistance of many of its own dealers.

I first met Ford CEO Jim Farley in 2012, when he was appointed as the company's first executive leader single-handedly running marketing, sales, and service. At the time, Farley reported to then CEO Alan Mulally, who is credited with saving the automaker from bankruptcy in 2009. Eight years later, Farley became Ford's CEO. He's been described as a "blunt communicator" who's "not afraid to take some bold courses of action."²⁶ That was vital, because Ford was again badly lagging in innovation.

Tesla had shot into the future to make electric vehicles (EVs) sexy, and Ford was way behind. Farley quickly addressed the problem, announcing plans to produce new fleets of EVs and autonomous vehicles (AVs). Wall Street loved what it heard, and two years later, by the end of 2022, Ford's stock was up 70%.²⁷ Ford Dealerships, however, were of mixed mind. Farley understood that to compete against Tesla, and younger EV startups like Lucid and Rivian, Ford also had to overhaul the dealership experience it offered customers. Tesla had dramatically disrupted the nature of dealerships.

Love Elon Musk or not, you have to admit he's a mindshifter of the highest rank. When Musk developed Tesla Motor's go-to-market strategy, widely available research and common knowledge were clear: if you want to make an impact as a new brand in a crowded market, connect with buyers and always deliver a better sales and ownership experience. Tesla set out to do just that. It started by taking over the site of an abandoned dealership in Menlo Park, California, and transforming it into an "industrial chic" space, with luxurious furniture.²⁸ I was lucky enough to attend Tesla's grand opening, and it was an exciting new dealership experience. But Tesla was just getting started.



Elon Musk at store opening in Menlo Park

Fun fact, this is my picture of Musk, taken on the day of the first store opening, which is still widely used in the press and online in stories about him.

Tesla further reimagined the concept of a dealership in its next two stores in California’s Santana Row in San Jose and in downtown Burlingame in the San Francisco Bay Area.

But Musk was intent to go even further. Tesla followed Apple’s playbook and introduced beautiful immersive stores, which it located in luxury shopping destinations with high foot traffic, rather than the conventional “auto malls.”

In addition, rather than purchasing a car in-store and driving away with it, customers order their cars, whether in-store or online, taking delivery in the near future. The stores are designed as a destination for participating in Tesla’s design aesthetic—to experience the look, feel, and

“I love
going to car
dealerships!”

—Said no customer,
ever

style of Tesla ownership. What's more, buyers can configure their car with a wide range of customizations. In a brilliant branding move, by situating its stores alongside the likes of Gucci, Tumi, and, Coach, among other luxury brands, Tesla enhanced its own standing as an aspirational luxury offering.



Tesla stores and design studio

Tesla also introduced a bold pricing innovation. Musk believed in transparency about the cost of cars. One of the most irksome car dealership practices is jacking up the price of vehicles well over the recommended markup from their cost to buy them from the automakers. Ford had become notorious for this, and customers had complained vociferously. I felt the sting of this myself. When Ford announced that it was bringing the Bronco back into its lineup, I was thrilled. Though I'm an EV fan, I spend a lot of time in the Sierra mountains, where winter is brutal, with an average of 215 inches of snow annually. This new Bronco, the Raptor, would have all the torque and horsepower I'd need to brave the conditions. But my hopes were dashed when I discovered that all of the dealerships anywhere near me were selling the Broncos at way above the suggested price. At one dealership, the advertised price was \$154,005 versus the recommended \$79,005.



Ford Motor Co. 2022 Bronco Raptor window sticker (left)
2022 Ford Bronco dealer asking price (right)

With Tesla, the price you see online is the price you pay, depending on the specifications you've selected.²⁹

While customers loved all of these changes, many competitor franchise dealerships didn't take kindly to it at all. Instead of opening their minds to learn why customers preferred this path toward purchase and instead of learning how to adapt in order to compete, many of them filed suits to prevent Tesla from selling cars directly to customers. The result was that as of the time of this

writing, Alabama, Louisiana, Nebraska, New Mexico, Oklahoma, South Carolina, Texas, Wisconsin, and West Virginia ban Tesla from direct sales. Additionally, Alabama, New Mexico, and South Carolina prohibit Tesla from offering customers direct service centers.³⁰ Tesla nonetheless has flourished.

Jim Farley decided to lead Ford through a mindshift. In 2022, Ford made a surprise move by splitting its consumer business in half with Ford Blue taking over the combustion engine side of its business and Model e managing its EVs.³¹ Both companies would prioritize pre- and post-purchase transformation, though. CEO Farley said,

...And we're going to just shift, [from] the eCommerce platform that we don't have today, [to an integrated platform] so all of our e-customers have a very predictable experience, whether they're in a dealership or in their bunny slippers, and they'll have a very simple, transparent, very easy purchase process...and we're going to invest in our marketing model with an emphasis on post-purchase [service and experiences].³²

Farley understood he couldn't stop there, though. He knew he also had to address the company's dealership problem. Ford introduced three types of methods to choose from when purchasing a new vehicle, depending on what kind of car you wanted to buy (ICE, EV, or professional/commercial).³³ Dealers hoping to sell EVs have to become "Model e" certified. This requires them to provide a Tesla-like experience, with transparent pricing and allowing customers to build their car online and have it delivered to their door.³⁴ That all involves substantial expense for dealers. Yet, as I was writing this, 65% of Ford dealers had agreed to the terms.³⁵ The others are opting out of EVs—not mindshifting as of yet. In fact, dealer associations in at least 13 states pushed back against the requirements, accusing Ford of "unfairly burdening its retail network and violating franchise laws."³⁶ Sound familiar?

The story illustrates that even when an executive boldly leads a mindshift for a company, some pushback, or at least inertia, will inevitably ensue. Some people will resist the future. But that's no reason not to forge ahead. There will always be others who will open their minds and join in your cause, no matter how disruptive what you're advocating is, *if*—this is a really big *if*—your vision of the future is well founded and you've made a compelling case for it. You will always inspire a vanguard to believe.

Just listen to David Vorcheimer, general manager of a Ford dealership in Mendham, New Jersey. When asked about why he and others had signed up to be Model e dealerships, he said, "Because it's the future of Ford Motor Company, the future for all car manufacturers, and we want to be part of that future."

Friedrich Nietzsche, German philosopher and cultural critic, famous for his uncompromising criticisms of traditional European morality and philosophical ideas associated with modernity, believed in this cause. He wrote,

"The fact that something seems impossible should not be reason not to pursue it.

"That's exactly what makes it worth pursuing.

"Where would the courage and greatness be if success were certain and there was no risk?

"The only true failure is shrinking away from life's challenges."³⁷

