

## Edge Perspectives with John Hagel

Exploration of emerging innovations on a broad array of edges that are rising up to challenge the core

### Never Under-Estimate the Immune System

**Every large and successful institution has an immune system** – a collection of individuals who are prepared to mobilize at the slightest sign of any “outside” ideas or people in order to ensure that these foreign bodies are neutralized and that the existing institution survives intact and can continue on course. Just like the immune system all organisms have, this institutional immune system is adept at recognizing foreign bodies as soon as they appear and very effective at protecting the institution from infection. It is in fact what has helped large institutions to survive – they are in fact “built to last.”

**But here’s the paradox: the immune system that has given large institutions extraordinary resilience in the past may be the very thing that makes these institutions so vulnerable today.** In more stable times, institutional immune systems are very effective at keeping institutions focused and on course, resistant to the distractions that might lead to their downfall. In more rapidly changing and volatile signs, this same immune system can become deadly by resisting the very changes that are required for the survival of the institution.

I’ve been writing about the Big Shift for quite a while now. Long-term forces that have been playing out for decades on a global scale are leading to a profound shift in how institutions will need to operate in order to survive, much less thrive, in the decades ahead.

I hesitate to use the word transformation, because it is so over-used today, and loosely used to mean any kind of change. **For me, transformation is about re-thinking everything, starting with the rationale for having an institution to begin with and leading to a re-design of all aspects of the institution – organization, operations, performance metrics, talent needs and infrastructure requirements – to support the new rationale.**

**The Big Shift requires precisely this form of transformation in all of our institutions – corporations, government bodies, schools, and NGO’s. And that’s exactly what the immune system mobilizes to resist. It’s the biggest challenge that any serious transformation initiative will confront.**

**I’ve been involved in large scale transformation efforts for decades now and there’s only one lesson that I really have to share from all that experience: never, ever under-estimate the power of the immune system of a large existing institution.** I’ve developed an enormous respect for the incredible power of the institutional immune system. It’s the reason why a growing body of academic studies have shown that institutional transformation efforts (in the way I have defined them) have an extraordinarily high failure rate. It’s the biggest reason why so many large and successful incumbents in the business world have been toppled when faced with the threat of disruption.

So, what is to be done? Well, one option is to pursue something called a “transformation” initiative that really isn’t. So many of the “digital transformation” programs companies are pursuing today are really just using digital technology to do what they have always done faster, cheaper and more conveniently. That’s not transformation and, as long as you don’t take too many people or resources, the immune system is unlikely to mobilize.

What’s the alternative? Do we just sit back and wait for the impending death of all of our existing institutions? Of course not. **But we need to craft approaches to transformation that have the ability to respect the power of the immune system and find ways to minimize the risk that the immune system will mobilize to crush the transformation effort.**

**And let me be clear. The immune system is not driven by evil people.** The people who are part of the immune system are extremely well intentioned – their overwhelming desire is to contribute to the success of their institutions. That’s why they are fighting so hard and so determined to crush the foreign bodies.

**So, here are some lessons I’ve learned that can help minimize, but probably not eliminate, the resistance of the immune system.**

#### Position appropriately

In driving transformation, there’s often a tendency to focus on the impending threat – for example, we’re all going to die if we don’t transform now. In my experience, **that threat-based approach to transformation actually increases the**

**resistance of the immune system.** If we're under imminent threat, the immune system reasons that it's even more urgent to protect the institution and it becomes even more determined to resist anything that might distract it from the tried and true approaches that have led to the success of the institution so far.

**Instead, position the initiative as addressing an opportunity,** something that will help the institution to have even greater impact in its relevant market or constituency.

**At the same time, don't go overboard. Don't try to raise expectations within the institutional leadership too high too early.** Even though the opportunity has the potential to create value and impact that far exceeds what the institution is delivering today, resist the temptation to focus on the magnitude of the opportunity early in the initiative. The bigger the opportunity, the more skepticism you'll encounter from the immune systems, especially if it's a very different opportunity from the one that the institution is pursuing today. And the bigger the opportunity, the more likely resistance will surface because there will be a fear that it will draw on the resources that are badly needed to keep the ship moving in its current direction.

### **Find the right sponsor**

**In my experience, to succeed in a transformation initiative, you'll need one sponsor who is ideally the leader of the institution or at least someone who reports to the leader.** Make sure that person understands what you are trying to do and what will be required to drive the transformation. The key is to find someone who has both the conviction and the courage required to support and protect you. **Don't try to get support from the entire leadership team** – I've never seen that happen and it tends to draw out the immune system.

### **Pick an edge**

**Rather than trying to drive the transformation within the core of the existing institution, find an edge that today represents very modest activity but that, based on an understanding of the exponential forces that are re-shaping your relevant markets or arenas, has the potential to scale extremely rapidly and ultimately become the new core of your institution.** The key is move on the side and build something new, rather than trying to challenge those within the core to change.

Find an edge that will require a fundamentally different approach to the business from the one embedded in the core. Use the edge to drive home that everything will need to be challenged and a different mindset, culture and practices deployed to address the edge opportunity. The edge becomes the transformation engine and not just another growth or diversification engine.

And, **choose only one edge.** Scaling an edge to become the new core is really challenging under the best of circumstances. Don't try to launch a lot of edge initiatives – pick the one that appears to have the most promise and devote all your effort to making that edge initiative successful. The zoom out/zoom in approach to strategy that I have discussed [elsewhere](#) can be very helpful in identifying the most promising edge based on a 10-20 year view of relevant markets or arenas.

### **Minimize resource requirements**

**The more resources you need to launch and drive the edge initiative in its early stages, the more vulnerable you'll be to exciting the immune system.** In fact, this is a key filter for choosing the right edge to scale. Pick an edge that requires modest resources in the early stages.

**Also, wherever possible reduce dependency on the core institution for resources like IT infrastructure or existing customer relationships.** The more dependent you are on core institution resources, the more power the immune system will have to either deny access to those resources or impose conditions that will undermine the success of your edge initiative.

**Do whatever you can to leverage your own modest resources with resources from third parties.**

### **Show results as quickly as possible**

**Nothing will help to weaken the immune system more than tangible impact from the transformation initiative.** The sooner you can point to actual impact in the marketplace or arena, the more successful you will be in overcoming skepticism and the more support you are likely to garner for continuing and scaling the effort. Focus on operating

metrics that tend to be leading indicators of performance and that can be measured quickly, rather than financial metrics that tend to be lagging indicators of performance.

**But wherever possible, avoid impact that involves cannibalizing the core** – don't take revenue or profits from the core. That will mobilize the immune system very quickly.

### **Scale as rapidly as possible**

**Don't be complacent. Growth alone is not sufficient to drive transformation. The key is accelerating growth – success ultimately depends on exponential growth.**

Be relentless in monitoring key metrics and constantly reflecting on how to achieve higher and higher growth rates. Growth and scale is ultimately the best defense against the immune system. The smaller you are, the more vulnerable you are.

**As you grow, be alert to the potential to draw more and more people from the core of the institution into the edge as they begin to see the impact that is being achieved and want to become a part of this rapidly scaling part of the organization.** The more converts you can mobilize and embed in your effort, the more open the remaining participants in the immune system will become to overcoming their skepticism and ultimately joining this highly successful effort.

### **Bottom line**

**True transformation is an imperative for all institutions in the Big Shift, but extremely challenging because of the enormous power of the immune system. The best way to address the challenge of the immune system is not to confront it, but to go around it.** Don't try to transform the core of the institution, but instead find an edge that can scale rapidly to the point where it becomes the new core of the institution. There's a lot more information [here](#) about how to scale the edge as a way to drive transformation.

**Here's the good news, if you transform in the right direction, moving from a model of scalable efficiency to a model of scalable learning, the new core that you're building will not be victim to an immune system of its own.** Rather than resisting change, the new core will constantly seek out change because it will recognize that change is the key driver of learning and performance improvement.

**And, here's the best news of all: in a world that's increasingly shaped by exponential change, it's possible to scale edges far more rapidly and with far less resources than could ever have been imagined a few decades ago. Small moves, smartly made, can indeed set very big things in motion.**

Posted by [John Hagel III](#) on December 07, 2017 | [Permalink](#)

### **Comments**



Agreed and aligned -

you would enjoy this John! <https://www.huffingtonpost.com/mandar-apte/intrapreneurs-need-to-learn-to-scale-the-edge-b-8802224.html>

Posted by: [MANDAR S APTE](#) | [December 10, 2017 at 04:08 AM](#)



Recognize too, that even well managed now, the immune system can reappear when senior leadership changes.

Posted by: [Kevin Noble](#) | [December 09, 2017 at 08:31 AM](#)



This is so spot on! I have always used the "transplant rejection" analogy to explain to people why change in health care is so hard to execute, all while all agree that the given change is much needed.

Posted by: [Dr. Alexandra T. Greenhill](#) | [December 08, 2017 at 09:19 AM](#)



Enlightening article - definitely will reference it in the future.

Do you think it is possible to do a T-cell count, so to speak, of a large organisation, to identify the network of internal immunity nodes, and degree of immunity?

Now that would be quite handy.

Posted by: Marianne Mills | [December 08, 2017 at 06:14 AM](#)

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