

Developing scouting systems...

Creating new games through scouting

Bob Holder — Gray Matter Productions

Imagine a future World Series. Two teams rush onto the field. They are greeted by a shout from the crowd: "Baseball is passe. Our needs have changed. We want a new game." The coaches and members of the teams look at each other in confusion.

They ask each other: "Aren't we the best teams in baseball?" The team members answer, "yes." They begin to play. They will play the best game ever in the history of baseball. Just before the first pitch of the game, someone in the stands hollers, "There's a new game in town!" Like a wave, word of the new game spreads through the stands. The fans leave.

The next morning's sports headline reads: "New game is in town... fans love it!" Another headline at the bottom of the last page of the section reads: "The best game in the history of baseball was played yesterday." The writer notes he heard this from the coaches during a telephone interview. He had gone to the game but left with the crowd to watch the new game.

New game organizations

Many organizations are facing a similar situation as these fictional World Series teams: they play what has been and what they believe still is the best game in town. Trouble is, customers are leaving because they have already found or are actively seeking for a new game. Such firms are being left in the dust by *new game* enterprises.

Beating corporate life cycle's odds — De Geus, former director of group planning for Shell International, studied the life span of business organizations and found that fully one-third of the *Fortune 500* firms disappeared from the list between 1970 and 1983.

He also found that a small number of firms continued beyond the average lifespan of successful organizations of seventy years because they were continually engaged in creating new games.

A failure to innovate... Tom Peters has observed that 40 percent of the 80s *Fortune 500* have disappeared from the list. His explanation: a failure to innovate. In other words, they were unable to create new games. Peters also points to research by Hannan and Freedman to support the need for continuously creating new games. Hannan and Freedman conclude that organizational success does not arise from rational planning or strategy. It arises from luck. One implication of the *luck theory* is that *baseball type* firms will find themselves eclipsed by those creating new games.

The occupants of *In Search Of Excellence* also illustrate the importance of continuously creating new games. Within ten years of the book's publication, the majority of *Excellence* firms were facing difficulties. One key factor was their inability to again create new games. Disney, for example, lost its edge because it had become trapped in the vision of its founder. It was unable to create new games. This changed with new management: Touchstone Pictures now functions as Disney's new game creator, producing films for teens and adults that *Disney* could not.

The baseball firm's paradox

Paradoxically, baseball has a system for discovering and creating new games: scouting. Baseball's problem is that its scouting is limited to discovering high quality baseball players, and not new games.

New game? Nah, we can squeeze out more through cost cutting or 'capping' costs...

Most enterprises also tend to use their scouting systems to discover *high quality baseball players*, practices, strategies, and ideas fitting the existing game. That problem is further complicated by the tendency to base all other decisions on cost thinking. They tend to focus on reducing cost and generating paper profits and ignore discovering and creating new games.

According to cost thinking, scouting, like learning (aka: training), is categorized as a cost rather than as an investment. When labeled as *cost*, scouting is often eliminated or drastically reduced when firms face decreased profits or when they are seeking to bump up their short-run profitability.

Continuous improvement and the catch up syndrome... Most quality improvement, TQM, CQI, et cetera tends to focus its continuous improvement on *what is*. That's what makes most corporate strategies final inning or last quarter, catch up strategies. Catch up isn't good enough anymore.

While 80 percent of American managers, according to a recent survey, perceived quality as a competitive advantage, the majority of Japanese managers saw new business and product development as the competitive difference. This suggests quality is but the ante for playing the game, not a strategic distinction.

The net result: scouting systems have not been developed... Robert Reich observes, "Most US firms are not organized for global scanning:

- They do not send their researchers, engineers, and technicians to international conference and trade shows, or to visit their global competitors...
- They do not systematically gather data on the results of government funded research in other nations (or even, for that matter in the US)...
- Nor do they systematically review technical and scientific journals and newspapers published in other countries."

There's a new game in town!

Just before the first pitch of the game, someone in the stands hollers, "There's a new game in town!" Like a wave, word of the new game spreads through the stands. The fans leave.

The next morning's sports headline reads: "New game is in town... fans love it!" Another headline at the bottom of the last page of the section reads: "The best game in the history of baseball was played yesterday." The writer notes he heard this from the coaches during a telephone interview. He had gone to the game but left with the crowd to watch the new game.



Why is scouting so important? The game has changed. The game has changed. The game has changed. The game has changed.

The onslaught of the information age has wiped out the image of organization as being solely a production machine and/or cost structures. Cost, quality and efficiency are still critical but the competitive advantage is the human imagination.

Organization as mind... Continuous enrichment of the organizational mind is critical to organizational effectiveness. Scouting is one excellent enrichment strategy. It improves organization performance by gathering information, which in turn, is transformed into knowledge and then food for the imagination.

Creating scouting systems

In the first scouting article, *Organizations as Soul Cages* and freeing members to travel to the island of the souls, creating new games, was explored. Scouting was suggested as a strategy for liberating caged corporate souls. The history of scouting, different scouting focuses, and the degrees of scouting focuses, directive and non-directive was discussed. Here the theme is creating a scouting system. My intent is not to provide a *how-to* manual but to stimulate your imagination thus facilitating your creation of your scouting game.

Creating new games and art forms...

Recently Manco (which makes 3-Day Clean Re-lease masking tape for home and commercial painting) has taken their scouting to the streets, walls, malls and sidewalks: they have given cutting edge artist Michael Townsend a grant to demonstrate a new form of urban mural art. Townsend and his fellow tape artists will be demonstrating their new art form in a national tape-art 1995 tour. If you want to see them in action, call 800-321-1733.

Townsend and crew are at work here on Ramses II during the June 1992 Square to Square Festival in Cleveland, Ohio.

I

Goals and scouting focuses... Goals can be formulated for scouting focuses: the goals of Northern Telecom's scouting program are to enhance associates' awareness of global competition and to improve quality and customer service. Goals also may be assessed based on scouting activities. Scouting can point out the firm's need to change its scouting focuses or goals: again, Northern Telecom changed the goals of its scouting effort as a result of its first tour — a serendipitous effect which often occurs with open minded scouting.

Non-directive scouting... Western management emphasizes striving over *being/becoming*. This mindset can lead to only linking scouting to the organization's past or current vision and goals. This can be disastrous as is clearly reflected in the warning, sung by David Byrne and Talking Heads: "Watch out, you may get what you're after." The message is simple — dreams can easily be transformed into nightmares in a whitewater world. You may well find yourself an industry leader in a vanishing industry. Non-directive scouting must be actively supported by executives to deal with this issue.

Focusing on interconnections for possible fusions... A cyclopien focus on events and categories while ignoring processes and relationships can reduce giants to blindly thrashing about over what went wrong. Event and category thinking envisions reality as a variety of disconnected cubbyholes rather than as continuously and discontinuously evolving and transforming processes. Cubbyhole searches can inhibit an understanding of long term processes and their interconnectedness.

The days of limited scanning — when a firm could focus on a few critical technologies within its home market — are gone, long gone. A firm needs to scout the global environment and seek distant connections amongst ideas and technologies with both eyes focused on the future.

Requisite environment for scouting

There are a number of cultural requisites which support scouting:

1. Supportive management...
2. Support for boundary spanning...
3. Recognition of the importance of the spirit of innovation...
4. Support of information sharing...
5. Support of curiosity...

Starting with visioning and purposing —

Developing a scouting system can begin with purposing and visioning. Jack Kahl, CEO and Tom Corbo, VP of marketing and R&D at Manco, Inc. created a vision which has guided their firm's scouting. Northern Telecom's scouting program, *President's Council on Competition*, is also vision directed.

Appreciative assessment... Creating a scouting system may also involve clarifying *what is working now* and how these activities/conditions can be enhanced: an appreciative assessment. Again, Kahl and Corbo of Manco, Inc. engaged in an informal appreciative assessment of their organization. They recognized that the firm had excellent products, merchandising, and organization processes. They also appreciated that sales could be better: they changed their merchandising game after scouting Disney. They decided to humanize their tape by having a mascot, a funny duck.

Recently Manco has taken their scouting to the streets, walls, malls and sidewalks: they have given cutting edge artist Michael Townsend a grant to demonstrate a new form of urban mural art. Townsend and his fellow *tape artists* will be demonstrating their new art form in a cross-country 1995 tour. I

Defining scouting focuses... Next, scouting focuses can be defined to support visioning and the outcomes of the appreciative assessment. Critical to this process is the examination of assumptions and beliefs upon which the selected scouting focuses are based. Thus a firm with a vision of providing its customers with the best service in the business might assume that it should only engage in customer scouting. Identifying and questioning the beliefs and assumptions upon which this conclusion is based, might suggest that to achieve its vision the firm might also engage in path creation, pathfinding, basic research, innovation, and solution discovery scouting.

"The message is simple — dreams can easily be transformed into nightmares in a whitewater world. You may well find yourself an industry leader in a vanishing industry."

6. The creation of time and space for scouting...
7. Sharing the rewards...
8. An applied idea mindset.

Scouting also appears to be performed well when the organization is not ruled by a *fear of failure* and emphasizes continuous personal and organizational multi-dimensional growth and development.

1. Supportive management — Senior executives can create a climate for scouting by supporting the development of scouting requisites. They can also provide direction through visioning as did Manco, Inc. and Northern Telecom.

What can they do to create scouting commitment? First, they can create the time-space for people to *scout* scouting so that they can gain an understanding of why it is important and how it can be applied to business issues. In *open time-space*, people can develop a commitment to scouting as a result of their own explorations. It is implicit in scouting philosophy that such activities should not be performed just because the CEO wants it to happen. Commitment to scouting arises from the intrinsic motivating qualities of the activity.

Executives may scout too! Alfred Sloan, legendary CEO of General Motors traveled to three or four dealers on a quarterly basis. He would also work as a salesperson or an assistant service manager for a few days. Sam Walton was always visiting stores and talking to employees and customers.

Yukiyasu Togo, president of Toyota Motor Sales USA, has scouted throughout his career. Dressed as a Buddhist monk, he begged in the streets of Bangkok when he was working in Thailand. When he was in Canada, he sold cars door-to-door to learn English and the local culture.

But a word of caution on 'show' scouting... Executives should not engage in role model scouting behaviors without a sincere inner commitment. Robert White, chairman of the management firm, Arc International is an example. He attends a wide variety of trainings and seminars to enhance personal learning. He also talks about the importance of scouting in his speeches by discussing the importance of attending seminars and learning with customers.

Role modeling without commitment will only lead to something comparable to the public's reaction to political rhetoric. Associates will recognize a

lack of real commitment and will feel that scouting is just another fad rather than a strategy for enhancing organizational performance.

2. Support for boundary spanning —

Boundary spanning is necessary for all organizations to survive. However, organizations differ to the degree of support for and use of outside information. For example, salespersons may scout customer needs only to find later that their intelligence reports are ignored.

Support for boundary spanning means people are encouraged to seek external information and that this information will be accepted and acted upon. Stew Leonard encourages its associates to scout customers and competitors for new ideas, products, and services. And those scouting results are continuously acted upon.

Boundary spanning also involves encouraging people to look outside existing mental boundaries and to expand their minds. For example, machine operators, production workers and managers at Web Converting, Inc. have a weekly reading session to expand their minds by exploring new ideas. Associates are encouraged to apply the ideas that they feel will improve organizational effectiveness.

3. Recognizing the spirit of innovation —

A spirit of innovation can be developed by encouraging constant renewal, talking up innovation, supporting life long learning, loving mistakes, celebrating failures, and focusing on actualization rather than control. It can also be supported by encouraging people to dream, be curious, and an awareness that innovation can come from anywhere.

4. Support of information sharing —

Northern Telecom scouting teams make presentations, prepare videos and written reports which are circulated throughout the firm: they are *seed planting*. Rosabeth Moss Kanter describes seed planting as "leaving the kernel of an idea behind and letting it germinate and blossom so that it begins to float around people other than the innovator." Networks can also be developed to encourage information sharing.

Open information sharing includes the disclosure of both good and bad information. Baldrige winning Granite Rock charts and shares the negative, as well as positive results of its scouting. The impact, according to Dave Franceschi, quality planning and management department, is that

people “do something about” the bad news even when management says nothing.

5. Support of curiosity — Curiosity is critical to creating a spirit of renewal and innovation. Robert Waterman, in *The Renewal Factor*, points out renewing firms which have an institutionalized sense of curiosity and a continuing dissatisfaction with the status quo. Such firms like to scout their environment: Sesame Street focuses its energies on listening to the outside world. Its staff has created a process for scouting people involved with children. Creating a curiosity culture involves supporting:

- An inquiring orientation...
- A non-directive exploratory mode (curiosity for the sake of curiosity)...
- A desire to learn...
- The ability to transcend the human tendency to fit reality into existing mental maps...
- A willingness to explore both phenomenon which are not necessarily stimulating and those which are very stimulating: two common reactions to the novel are to ignore or fear it. Both responses inhibit curiosity.

6. Creating time-space for scouting — Time-space must be created for scouting activities for two reasons. First, time-space must be created for scouting to flower and be conducted. Secondly, time-space is required for seeds to grow and for scouting intelligence to be deployed.

Creating time and space shouldn't be confused with time management. The latter tends to deal with existing activities and focuses on efficiency while the former involves working smarter. Creating time-space may begin with zero base thinking. Busy work, habitual and without value, is abandoned to create scouting time-space.

The 'Get out of the shop!' strategy...
Another strategy involves creating the time-space for people to get away from existing work. Northern Telecom's touring program creates time-space for people to scout other firms that would not be possible if the process did not exist. Web Converting supports/encourages a reading program: for an hour each week, people gather together and read a book. They have, through this group process, become aware of strategies and techniques to enhance both their organizational effectiveness and the firm's quality of work-life.

Semco S/A uses the time-space concept for applying discoveries: their people create self-directed teams to capitalize on new found opportunities.

7. Sharing the rewards — Successful scouting requires a re-visioning of the enterprise's reward system. The reason for this is simple: scouting can lead to the development of extremely profitable new ventures, products, or improvements of current products, but most reward systems are biased toward giving top executives the lion's share of any new profits. If you don't want scouts freelancing and using their networks to form their own enterprises, or selling their information to a competitor, you'll need to rethink and reformulate your current reward system.

8. An applied idea mindset — Scouting has to be aggressively application oriented. Scouting will not be a value-adding activity if they become *caged souls* upon their return. Value is added through applying discoveries and not through analysis paralysis. When Spartan Motors designers learned at a trade show that fire fighters were falling out of fire trucks, they applied this knowledge to develop the industry's first enclosed cab. At Manco, Inc. people are constantly scanning and sharing articles, conducting idea swapping sessions, and conducting classes at *Manco U.* using a large conference room and library.

Creative grumbling... Aggressive scouting may encourage creative grumbling and disenchantment with the status quo. Manco's CEO Jack Kahl actively supports grumbling. He continuously talks up scouting and learning. The firm's walls are filled with posters supporting the theme of creative thinking and information on the firm's performance.

Organizing scouting

There is no standard formula for organizing scouting: the organization's culture, politics, and purpose for scouting will all play a part in determining how the firm is going to gather new information, in new and previously untried ways.

The don't let them go in packs strategy...
Tom Carns, CEO of PDQ practices individual scouting and is continuously scouting existing and potential customers, trade shows, and peers. His scouting information is used to enhance product quality and to develop new products.

Professor Yoshihara of Japan scouts out potential new products and ways of combining products and services by spending two weeks of his annual vacation wandering around American shopping malls and centers.

Full and part time scouts... Hewlett-Packard assigned 100 middle managers to scout and cross-pollinate its R&D labs. SRI has created a part-time structure to discovering emerging themes. Its people are encouraged to send intuitions, insights, and articles to a committee which reviews the materials on a monthly basis to discover themes. Each month's themes are compared with previous months to discover macro-themes.

The frontier outpost strategy... There are two types of scouting outposts: long and short term. Yamaha's London *listening post* represents a long term strategy. When political campaigns send out their advance people, they are using a short term outpost strategy to learn the lay of the land and spot new trends in voter interest.

Reebok International has used short term outposts to learn from customers how to market its Pump shoe. The firm set up small booths in 100 malls. The booths provided potential customers with information on the product and obtained feedback about it. In turn, customer feedback was used to modify the product and the marketing strategy.

The let the structure evolve and wander strategy... Ideally scouting structures should evolve as a result of the creative spirit of its people and the problems and opportunities they face.

Scouting structure will serve you best perhaps when scouting oriented personnel are responsible for creating their scouting processes — consultants can provide guidance but should not direct the process. At United Electric Controls when people come up with an idea, they seek management approval to form an action center: a short term team with a specific focus.

Finally, sub-units must be free to create their own scouting structures because of the diversity of conditions that each faces: the unit of Microsoft which developed Windows 3.0 scouted Lotus so that it would develop compatible products while other Microsoft units competed directly with Lotus.

Scouting sources...

The sources used will depend on the scouting focus, purpose, organizational culture, and human factors such as personality type and information processing style.

Spartan motors focuses its scouting focuses on innovation and customer service. Spartan's culture emphasizes getting the *feel* of the product because the firm is dominated by *hands on* engineers and production workers. Spartan's primary scouting source is trade shows where Spartan associates can get a *feel* for customer needs and new technologies.

Publications	Competitors
Seminars	External critics & internal renegades
Customers	Intuition and hunches
Trade shows	Media: TV shows and news programs
Customers of customers	Co-workers
Suppliers	Street smart elders in the industry
Industry peers	Business experiments
Touring exceptional firms	

2

Scouting sources — Effective scouting involves using multiple sources. Frankly, there is no one best source, and it may require returning again and again to the same source to attain a deeper level of understanding: customers may be continuously scouted. New sources should be continuously scanned for and the usefulness of existing ones continuously assessed. ²

Bricks the workmen found

Singer and poet Sting uses the metaphor of a crumbled Roman town to illustrate life as continuous change. He observes how the once powerful Roman empire is now only "bricks the workmen found." This lesson seems to escape *baseball type* executives and organizations, who like emperors of the late Roman empire can not imagine their organizations being "bricks the workmen found." However, history suggests that without scouting and new game creation, adventures to the island of the souls, they will be. ♦

"See that abandoned factory, they used to play industry leaderball there — before the new game came to town."

References and resources:

- Bushe, G. and T. Pitman. (September, 1991). "Appreciative Process: A Method for Transformational Change. *OD Practitioner*. Vol. 23, No. 3. pp. 1-4.
- De Geus, A. (March-April, 1988). "Planning as Learning." *Harvard Business Review*. Vol. 88, No. 2. pp. 70-74.



Bob Holder is an organizational effectiveness and management development consultant. His St. Louis-area firm works with a variety of profit and non-profit organizations and small enterprises. He works with teams, individuals and organizations on creativity, strategic visioning, human systems design through one-on-one and search conference consultations.

Author's note: I would like to thank Heike Schmidt and Brenda Smith for their assistance. Lieutenant Colonel Jim Channon, US Army (retired) introduced me to the idea of scouting.

Gardner, J. (1981). *Self-Renewal — The Individual and The Innovative Society*, Revised Edition. NY, NY: Norton and Co.

"Gathering of High-Tech Data Yields Ideas for an Enterprise." (May 28, 1990). *Insight*. pp. 36–37.

Hamel, G. and C. Prahalad. (July–August, 1991). "Corporate Imagination and Expeditionary Marketing." *Harvard Business Review*. Vol. 69, No. 4. pp. 81–92.

Hamel, G. and C. Prahalad. (July–August, 1994). "Competing for the Future." *Harvard Business Review*. Vol. 73, No. 4. pp. 122–28.

Kanter, R. (1984). *The Change Masters—Innovation for Productivity in the American Corporation*. NY, NY: Simon & Schuster.

Morita, A. with E. Reinhold and M. Shimomura. (1986). *Made in Japan—Akio Morita and Sony*. NY, NY: Signet.

Mueller, R. (1985). *Corporate Networking: Building Channels for Information and Influence*. NY, NY: Free Press.

Peters, T. (Fall, 1991). "Get Innovative or Get Dead. (Part I)" *California Management Review*. Vol. 33, No. 1. pp. 9–26.

Peters, T. (Winter, 1991). "Get Innovative or Get Dead (Part II)." *California Management Review*. Vol. 33, No. 2. pp. 9–24.

Reich, R. (October, 1989). "The Quiet Path to Technological Preeminence." *Scientific American*. Vol. 261, No 4. pp. 41–47.

Sting. (1991). *The Soul Cages*. Hollywood, CA: A&M Records.

Taylor, W. (March–April, 1990). "The Business of Innovation: An Interview with Paul Cook." *Harvard Business Review*. Vol. 90, No. 2. pp. 97–106.

Waterman, R. (1987). *The Renewal Factor—How The Best Get and Keep The Competitive Edge*. NY, NY: Bantam Books.