

# WORKSHOP

LEAP: HOW TO THRIVE IN A WORLD  
WHERE EVERYTHING CAN BE COPIED

BY HOWARD YU  
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## ABOUT HOWARD

Howard Yu is Professor of Strategy and Innovation at Institute for Managerial Development, as well as the director of the three-week Advanced Management Program (AMP) executive education course. In 2015, Professor Yu was selected by Poets & Quants as one of the World's Best 40 Under 40 Business School Professors. Besides having published in academic journals such as Business History Review, his writing has also appeared in popular media outlets, including the New York Times, Harvard Business Review, Fortune, Forbes, MIT Sloan Management Review, the Financial Times, the Straits Times, SCMP, and Shanghai Daily. Yu received his doctoral degree in management from Harvard Business School. Prior to his doctorate, he worked in the banking industry in Hong Kong.

## ABOUT THE BOOK

In today's competitive environment where latecomers can replicate almost any product or service for less, and where expert intuition and market intelligence have been overtaken by machine algorithms, companies can no longer just be very good at what they do. They need to leap to new knowledge disciplines. The best of them leap repeatedly. And it's the combination of two skills—mastery of the old and the new—that empowers them with the best competitive advantage. To discover how some companies not only survive but thrive for centuries, strategy expert Yu identifies key trends from business history, skillfully extracting timeless lessons and applying them today. Ultimately, *Leap* is a playbook for the future that shows how pioneering players can thrive by rethinking their businesses, their relationships with customers, and the very reasons they exist.

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# LEAP

Outlasting competition is difficult. Doing so for decades is nearly impossible. Yet some pioneering companies have endured and even prospered for generations. How do they do it? And what can we learn from them? The defining characteristic of pioneering companies that stay ahead of their competitors is that they jump across knowledge disciplines to leverage and create new knowledge about how a product is made or a service is delivered—they leap. The best companies leap repeatedly. Without such efforts, latecomers (copycats) will catch up. Understanding this phenomenon is the first step toward long-term success.

## WHEN IS THE BEST TIME TO LEAP?

Steve Jobs once said, “Things happen fairly slowly, you know. They do. These waves of technology, you can see them way before they happen, and you just have to choose wisely which ones you’re going to surf. If you choose unwisely, then you can waste a lot of energy, but if you choose wisely, it actually unfolds fairly slowly. It takes years.”

While countless mp3 players launched before the age of the iPod, Jobs credits one of his greatest successes to his decision to hold off until broadband had widely swept America. While he had a dynamic design in place, there was no guarantee that the market would respond well without a speedy Internet connection.

Yu writes, “This is an important lesson. Successful executives often exhibit a bias for action. But it’s even more important to separate the noise from the signal that actually pinpoints the glacial movement around us. Listening carefully to the right signals requires patience and discipline. Seizing a window of opportunity, which means not necessarily being the first mover but the first to get it right, takes courage and determination.”

Thus, Jobs waited for broadband. No more sluggish downloads. Music sharing was no longer an illegal affair. A brand leaped.

# THE 5 PRINCIPLES TO THRIVE

When labor, information, and money move easily, cheaply, and almost instantaneously, it can be difficult for services and products to prosper—and *stick*. The competition will eventually beat down even the most robust intellectual property arguments, market positioning, brand recognition, manufacturing scale, and even distribution networks. The only way to properly protect oneself under such conditions is to *leap*. Here are Yu's 5 fundamental principles:

1. **Understand your firm's foundational knowledge & its trajectory.**

To preempt new competition, executives must reassess a firm's "core knowledge and maturity." You must know who you are as a brand and company before setting sights on a new horizon.

2. **Acquire & cultivate new knowledge disciplines.**

Yu writes, "...knowledge uncovered in one area often leads to new discoveries elsewhere." As new markets and businesses emerge, it's important to reevaluate and lean into a new pattern of thinking.

3. **Leverage seismic shifts.**

Whether it's the invention of the steam engine or the Internet takeover, seismic shifts can be leveraged to attain unfettered propulsion.

4. **Experiment to gain evidence.**

"Experimentation is the window of truth to let light in from outside." Every organization should examine which critical assumptions are actually personal beliefs. Then, experiment to lean into concrete realities.

5. **Dive deep into execution.**

"Thinking doesn't equate to doing ... What makes it so hard for pioneering companies to leap is that game-changing ideas can easily be filtered out as business proposals move up the corporate ladder. That's why committed executives at the very top must be ready to intervene and implement a new directive when necessary."

## TODAY'S SEISMIC SHIFTS

*Leap* takes us to the future to point out the two intertwining trends that propel all companies into the 21<sup>st</sup> century: the rise of intelligent machines and the emergence of “ubiquitous connectivity.” As new technologies are introduced, society is continuously transformed, and with it the way we will work in the future. Eventually, artificial intelligence will be able to write artificial intelligence by itself. The language complexities will be so complicated that humans will be outmatched. Do not be dismayed. The creativity of the human mind will never be replicated.

Ubiquitous connectivity + Rise of smart machines = Managerial creativity

To gain any groundbreaking insights into marketing, consumer psychology, popular art, or even a mobile app's user interface, an innovator is still necessary to synthesize human experience, newspaper articles, and stories about how people have reacted, conversed, and complained. Precisely because people are more agile and dexterous than the most advanced robots in identifying objects and understanding nuances, the results are always better when computers and humans work together, rather than when either one does it alone.

The future is merging machine capability and human consciousness. Each doing their best work and possessing managerial creativity is the human advantage. Yu writes, “Still, a human is required to decide where and how AI is deployed; a human still needs to decide which key decisions be turned over to AI or to keep a human in the loop; a human still needs to imagine what new products or services could be created by combining the emerging capabilities of machines with a human touch. These are the sort of questions only we can answer.”

# QUESTIONS & EXERCISES

What is the core knowledge of your business? How mature or widely available is it?

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How likely will the core competencies of your business be devalued, and how soon?

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# QUESTIONS & EXERCISES

Ask yourself, “What world am I living in?”

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“What are the biggest trends in this world?”

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“How do I align my company’s activities so that my organization gets the most out of these trends and cushions the worst?”

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# YOU'VE MADE IT!

## CONGRATULATIONS!

### YOU'VE COMPLETED THIS WORKSHOP

You now have the knowledge to make your business thrive in the face of competition. Any organization—large or small—has a set of traditional strengths and important products that have helped build it into what it is today. There is no perfect moment to innovate. But everyone has exactly enough time, starting now.

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