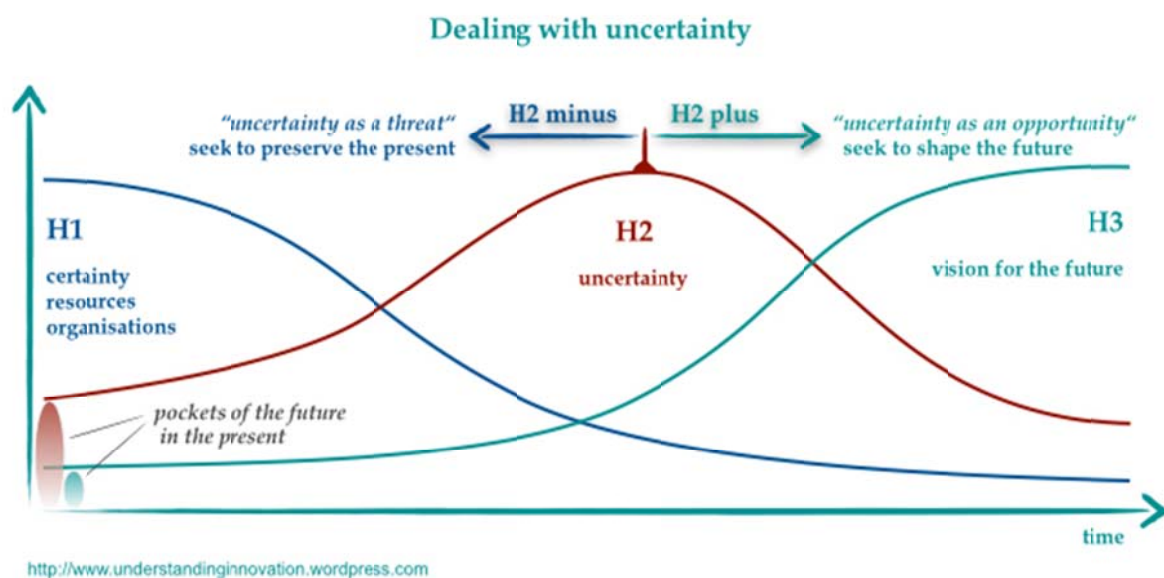


## The Critical Value of the Three Horizon Methodology

### The Way to Manage Your Innovation Portfolio, Resources and Thinking

A third series of published articles deepening your understanding of the value of applying the Three Horizon Methodology to Exploiting Fully your Innovation Management

### Finding Fresh Perspectives and Exploring those Fields of Innovation Opportunity



By Paul Hobcraft

Agility Innovation Specialists



# The real value of the Three Horizons

## Further discussions on the Three Horizon Framework

A series of articles extending this further:

**Article 1:** Reflecting on the Value of the Three Horizon Model for our Innovating Future

**Article 2:** The Three Horizons -fields of future, full of foresight.

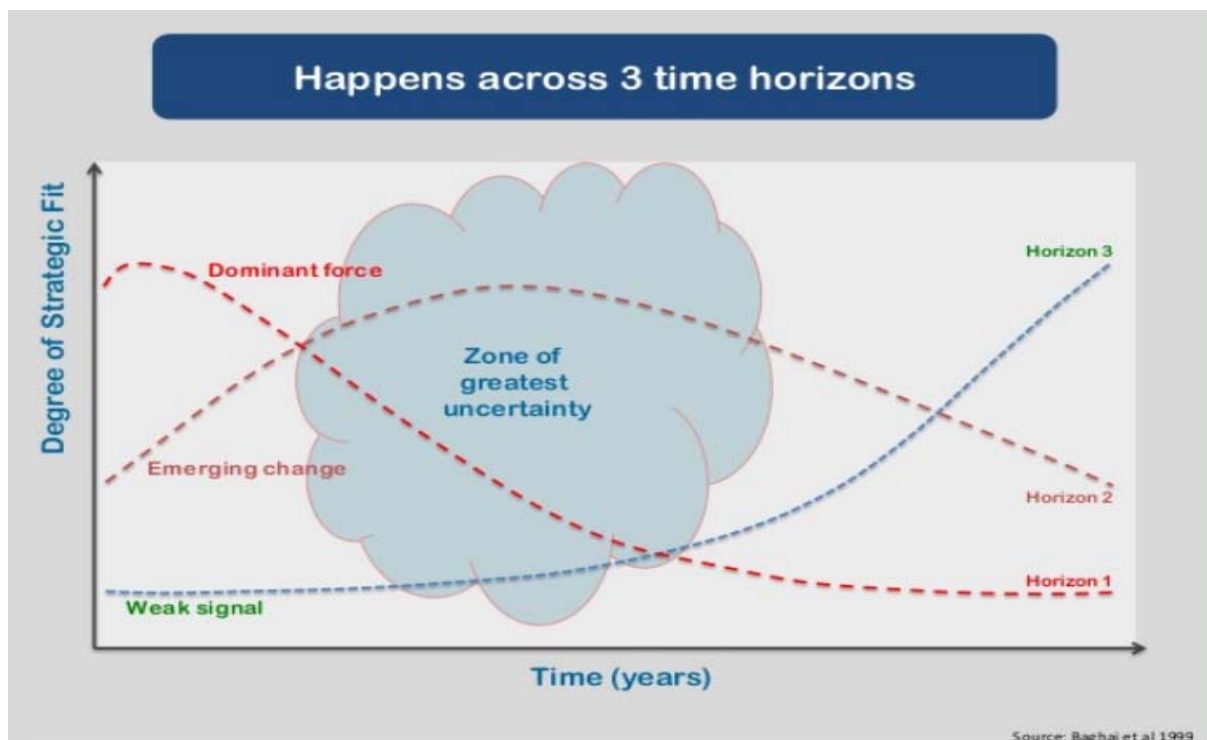
**Article 3:** Seeing Your Innovating Future across Different Horizons

**Article 4:** Are you engaging with all the different voices around you?

**Article 5:** Drawing out the different voices within the three horizon methodology for Innovation

**Article 6:** Innovation needs different time and thinking horizons

Innovation needs to 'map' across three horizons to transition from today's business into tomorrow's new growth businesses.



Published on [www.paul4innovating.com](http://www.paul4innovating.com) during 2013 to 2105

# 1 Reflecting on the Value of the Three Horizon Model for our Innovating Future



There is that prevailing sense that we are just managing for 'business as usual', leaving many increasingly uncomfortable and feeling exposed. Why?

Our businesses are not adapting fast enough to changing conditions in the market, often lagging in the competitive race to update and keep relevant.

Businesses are struggling with conflicting knowledge flows and incoming intelligence, just simply managing their talent to keep them relevant, engaged and outwardly orientated.

They need to constantly adjust and adapt to the demands and challenges within the societal conditions, environments and markets, grappling with constant shifts in consumer demand and coping with the declining natural resources and of what all of this might mean.

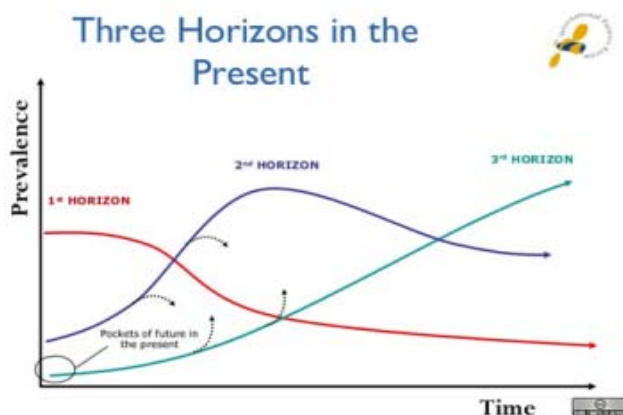
## **We are often short on foresight and certainly struggling with growing complexity.**

Bill Sharpe and Tony Hodgson, along with Andrew Curry and Graham Leicester, have been working to bring [the Three Horizons framework](#) into a more widespread use. Once I had 'found them' through [the International Futures Forum](#) they became the catalyst for my own perspective of exploring this framework and applying it specifically for innovation

Bill and Tony have recently provide a wonderfully descriptive view of valuing the Three Horizon Framework within a [3H slideshare deck](#) I'd encourage you to work through. It frames and captures much that reflects the tensions and approaches to overcome these.

I'd also encourage you to go back and explore my different thoughts in this site by entering in the search box: "three horizons". My trilogy of blogs starting with "[the Value of Managing Innovation Across the Three Horizons](#)" I'd suggest is equally not a bad place to start for a clear background to this methodology.

## Reflecting on a framework to that can help frame those future discussions?



Let me reflect on some of the thinking around the 3H framework as I relate to it from my more dedicated focus, the innovation management perspective.

Why I so much like this 3H framework is in its value where you can construct distinctly different horizon focuses, based on the present, that allow a 'growing future consciousness'

Our need is that we all must find ways to embrace the future, to not get simply caught up and washed away, because we were 'just' unable to move beyond the present, or simply stayed stuck in the past. I think this 3H framework is very powerful to allow us to move beyond our existing framing, to [map across different horizons](#)

### Often we are caught by surprise, ignoring many warning signs

With our lack of foresight and lack of actions we lose something that begins us to 'walk the path towards decay.' If we ignore 'taking action' long enough for a host of seemingly reasonable reasons, when something occurs that simply confirms what we inwardly had felt for some time might possibly happen, it has already grown into a real problem.

By using our ability of using foresight; of seeing this possible set of events, different signals and warnings we have two choices. We could have chosen to continue to ignore it, or we start to make 'investments' into building new defences, new capabilities, new stepping-stones to the future.

### There is this powerful need to look towards the future

Based on what we know today and what we can set about building and exploring does hold the exciting promise of the future. Look out of ourselves offers a more rewarding prospect.

A future held in our own hands then we can help shape it and integrate it into our daily lives or of course, we can simply ignore it and keep hunkered down in what we do, feeling we are comfortable and secure. I would argue we all need to embrace change, not avoid it, it never goes away, it is constantly tapping you on the shoulder.

We need to keep reflecting upon what is dominant, prevalent and pattern-changing, as these positions are constantly shifting. Scanning the horizons and what is simply all around 'us' offers those 'pockets of the future' to invest in, explore and experiment, to be open to change.

Initially these pockets of the future may seem a long way off, often just really weak signals, but are indicating different, perhaps far more radical and perhaps disruptive changes and our organizations need to constantly re-equip for these by building different capabilities and competencies. Technology clearly comes to mind with wave upon wave of change, crashing against the established rocks, beginning to weaken the existing structures and form new ones.

## **Just remember the present is already in decline**

It is the constant renewing, the transforming and capturing of these weak signals, today clearly seen as marginal to our business, that can 'permit us' to explore and begin to re-equip ourselves for the changes that *might* happen. Small investments anticipating potential changes are highly valuable to consider.

We can choose to ignore these signals or poorly under fund them as they are often seemingly vague, often unrelated to our existing practices. They are unsure in what they bring, mostly experimental in the early investigations, that 'seemingly' conflict, even drawing resources away from our existing model but at what risk to the future?

The ongoing dilemma we need to also revolve is around multiple cross over points, between blending the existing with these possible futures, allowing time and resources to figure out and explore the options these might present as future options to the business.

## **Not enough time really does constraint and dominates**

We never can find enough time to manage all that we would like to. We are forced to (eventually) make many rushed choices, often ill-judged or last-minute, reacting to changes being forced on us .

Our interests, values, mind-set all 'kick in' and when it comes to discussing the future, well often initial discussions begin to move into conflict, based on established positions, types of personality, vested interests or opinions.

Attitudes and judgement are either grounded in the present, with many executives fairly dismissive of the future, or those that are more future related become increasingly impatient in wanting to challenge and change the present.

We need to manage the tensions between the different views on managing the present and the future.

## **The rising way of change comes from different experiments and innovations**

It is partly through the treatment of innovation, feeding into the system a rising wave of future innovations that alter positions. Staying stuck in 'just' incremental to serve the existing conditions in the market seriously constrains you for the future, you stop growing, exploring, being curious and experimental.

## **Encouraging separate and focused discussions on the future are increasingly essential**



Discussions within the boardroom, within our R&D centres on the breadth and depth of the future portfolio and the allocation of resources for innovation, needs to have different mindsets within the 3H approach.

There needs to be a framework to surface different assumptions, often conflicting and entrenched views to surface the potential 'pockets of the future' as seen through different eyes.

If we can avoid those initial, often highly personal definitive judgements of the future, we can begin to map these conflicting thoughts back to our existing, to see different emerging patterns that meet many of these seemingly 'conflicting voices' and each begin to appreciate and see their role of moving the existing into these futures as they make sense to their lens or orientation.

You evaluate what initiatives are already under-way, that have a more future orientation and which seemed to be more sustaining the present. We are looking to find ways for transformational change grounded partly in the present, partly based on clear movement detected.

We are moving the 'grounded knowledge' and assumptions into the potentials that are thought to be emerging, we see the role of the present in the future, we can see much can be 'let go' and allowed to be opened up and explored differently. We are beginning to adapt to the new environment. The future might be getting clearer.

## We need to take care within any future's discussion.

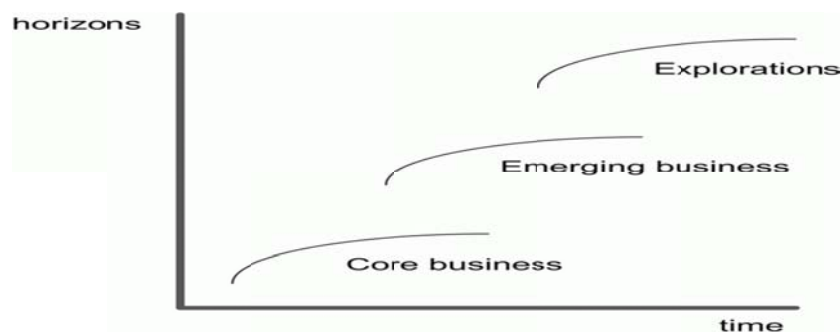
The [three horizon methodology](#) and how you frame each of the dialogue sessions does need care. You are not only dealing with present complexity, but seeing future scope through emerging patterns and many weak signals; equally, we are often dealing with entrenched positions, insecurity and impatience.

It is the ability to step back, to travel in ambiguous territory, challenge the safe bet of extending the old system, to release these deep tensions these conversations will reveal.

## I would encourage adopting the three horizon methodology to innovation

We need to encourage a transformation in our capacities by developing a collective awareness of our 'future consciousness' that opens up a greater freedom to act and move forward.

I believe the [three horizon methodology](#) becomes an essential framework within any organization wanting to determine their resources and evaluate their innovation pathways.

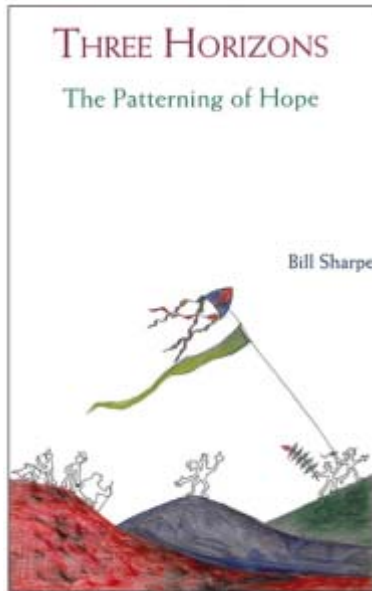


## Exploring the field of futures and foresight as an emerging practice

In a next post I discuss part of a book that came out in late 2013 from [Bill Sharpe](#). His book, or actually more a booklet, is called "[Three Horizons: The Patterning of Hope](#)", published by Triarchy Press.

In this book, Bill is outlining his distinct and even highly sensitive way of creatively working through many of the unknowns, by framing and connecting through [the Three Horizons](#), offering his contribution to the patterning of hope for all our futures.

## 2 Three Horizons – fields of future, full of foresight.



I'd like to relate to parts of a book that came out in late 2013 from [Bill Sharpe](#). His book, or actually more a booklet, called "[Three Horizons: The Patterning of Hope](#)", published by Triarchy Press, has some really helpful insights.

In this book, Bill outlines his distinct ways of creatively working through many of the unknowns, by framing and connecting through [the Three Horizons](#), (3H) as his contribution to the patterning of hope for all our futures.

I draw out a lot within his thinking, experiences and approaches within the book. Some of these initial thoughts outlined here, re-affirm my own thinking and focus on the 3H, specifically for innovation and its management.

Here are some of the 'triggers' I connected with strongly from his book:

### **The three horizons does offer us much to frame the future**

Firstly, the 3H is actually a simple framework, see [my original opening post](#) in 2010, on a quick explanation if you need it. The 3H allows us all to work with what we know, about today, and a method that allows us to engage creatively with what we don't know. To look beyond the existing.

The 3H methodology enables us to look out into the future, across different horizons. It allows us to gauge the challenges, adding aspects we are beginning to gain a sense of, transitioning from one position to another. It is one that requires us to reflect and possibly make change, then we can move forward to meet the new challenges, within this emerging vision of the possible futures.



## Tackling uncertain futures for transformational change

Bill asks the question in his book *“How can people work together to create transformational change in the face of the uncertain future?”*

He suggests we have choices, we continue the pattern of how we have been doing things today or we start a new pattern. What can be abandoned and let go, what can be adopted as new and how do we manage the transition.

Bill’s view is that transformation change comes about when we see that the way things are getting done now has its limits; we cannot get much beyond these limits however much we try to improve the existing system and we must face the reality create to create this new pattern for the future we need.

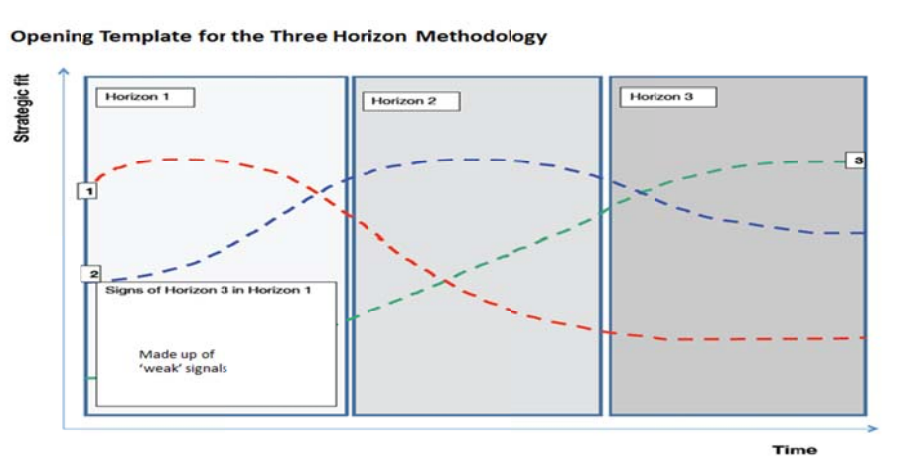
## So it becomes clear the 3H is a way of working with change

The 3H offers us a foresight and framing tool for drawing out our often conflicting discussions and views of what all this potential change might mean, from our established patterns or approaches and those that are possibly emerging.

It provides for a [transitory step in its second horizon](#), full of the challenges of wrestling with change, letting go of the present, holding onto essential aspects for the future, embracing often totally new concepts, skills or thinking through positions. You are intentionally drawing out diversity of opinion to improve the dialogue, narrow differences through pattern recognition. It can be tough work.

As Bill states *“a lot of dynamics of change come into view quite naturally, and we are lead to explore them in terms of patterns of behavior of those (involved) who are maintaining or creating them”*

## We can explore the possibilities found across the three different horizons



The intent of the 3H is to offer a way to look at the process of change, to view possibilities across three different horizons, that encourages us to look and question a little deeper, we make the future more accessible and relevant to us operating in the present, for future intent and action.

It brings out all the differences, often conflicting 'voices' and patterns, to challenge continuity. Then we need to figure out what needs to come into 'play' to help us understand those future patterns through these dialogues, so we can begin to determine what resources and emphasis to we place on them.

The 3H can help tackle complex problems or from my own focus, the future intent on innovation; in its planning, resource allocations and skill gap identification to build capabilities and capacities to be 'future' ready. We need to [map innovation across the three horizons](#).

## **The three voices that are to be hopefully found in the same room**

The different voices involved can be highly engaged, as Bill suggests, you have ***the voice of today***, more concerned with managing the existing, maximizing returns and keeping the organization going efficiently and effectively. Then you have the second voice, ***the voice of the entrepreneur***, the one eager to experiment, try out new things, explore and extend, accepting some aspects will not work and ***the third voice, of the aspirant***, who is looking to build a different vision, believing in different, more pioneering ways and visualizes things in their 'mind's eye', far more aspirational, that can seemingly on first 'take' look to be totally incompatible to the reality of today.

## **The ability to draw out tensions, seeing emerging patterns and growing awareness**

That tension between "our present circumstances and positioning" is full of possible future consequences and those patterns and indications that are stirring the 'future consciousness.' For some this seems to be a little wacky, flaky, far too aspirational, surely inconceivable, incongruous and unthinkable.

The value of the 3H framing is to begin to make the connection's, shifting individual thinking into team actions and decisions. [The 3H connects the future](#) for bringing strategy, vision and innovation into greater alignment of thinking through diverging and then converging.

Bridging often highly divergent differences that are causing a growing and deep set of tensions are in fact, in Bills words "*different perspectives on the future potential of the present moment*".

We are actually facing three different perspectives; those immersed in the dominant system of the present, with those that 'sense' the scope for new thinking and try something different, to those in the third domain of arguing for radical change or seeing things very differently.

The question for all too answer is “how the present might play out in the future?” The job of the 3H is to raise this in all the three opening and different thinking positions, to achieve a more united ‘future consciousness’.

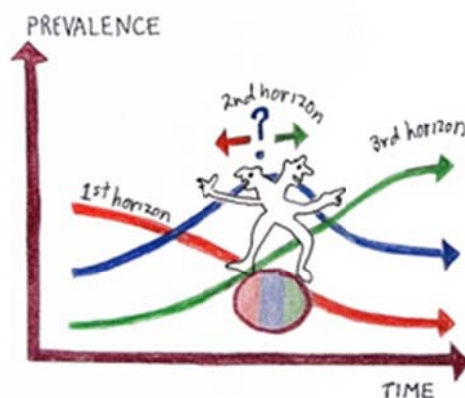
## **The Three Horizons approach works well with complex issues**

The value within Bill’s book is how he describes the three horizons in his experiences often working within complex societal areas:

*“It offers a way to find and shape our own intentions more clearly, as we look over the first horizon of the known, towards the second and third horizons of innovation and transformation towards the future.*

*It transforms the potential of the present moment by revealing each horizon as a different quality of the future in the present, reflecting how we act differently to maintain the familiar or pioneer the new”.*

**I have found this book offered me a fresh perspective of the power of the 3H framework.**



Bill Sharpe’s book does add some fresh and helpful thinking to working with the three horizon framework. It offers real, insightful ‘nuggets’ of an experienced practitioner, working constantly in futures work, taking on problems that need fresh approaches and new concepts, rather than application of routine methods.

Finally as Bill suggests “to shift from our simple, one-dimensional view of time stretching into the future and instead adopt a three-dimensional point of view in which we become aware of each horizon as a distinct quality of relationship between the future and the present. We call the move into this multi-dimensional view, and the skill to work with it, the step into future consciousness”

Through this book Bill provides his personal perspectives that have added real value to my own focus and understandings on how to apply the 3H to innovation.

## 3 Seeing Your Innovating Future Across Different Horizons

The three horizons offer us much to frame our innovating future



Following a couple of recent posts on reflecting on the three horizons methodology, firstly [here](#) and then [here](#), I wanted to come back to where I see real value, in managing innovation into the future.

The 3H methodology enables us to look out into the future, across three different horizons that can manage the transition between short, medium and long term in our innovation activities, something often badly lacking in most organizations thinking.

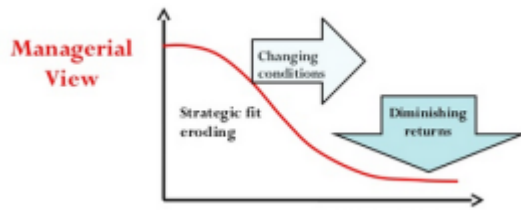
It allows us to gauge the challenges, adding aspects we are beginning to gain a sense of, transitioning from one position to another. It allows us to deepen our evaluation of the innovation portfolio of activities, resources and skill sets across different delivery frames of short, medium and longer-term.

It is one that requires us to reflect and possibly make change, then we can move forward to meet the new challenges, within this emerging vision of the possible futures.

So 3H is a way of working with change, it offers us a foresight and framing tool for drawing out our often conflicting discussions and views of what all this potential change might mean, from our established patterns or approaches and those that are possibly emerging. The 3H supports innovation's management very well.

### **Accepting everything has a finite life-cycle**

From my perspective we see businesses littered with not wanting to make change, rejecting the changes going on all around them. These are happening in changing technology, different business models, threats from competitors coming into the market with different and often low-cost models.



Source: Adapted from Sharpe / Hodgson

Sometimes a concept or product has ‘run its course’ is seen as yesterday solution, or industry segments separated in the past are suddenly ‘fused’ together in new ways due to new technologies, or being purposefully designed, they begin to disrupt the existing.

We can’t afford to ignore the ‘call of change’, it places our business at significant risk. Recognizing the challenges life-cycle management can bring, does need careful managing within our innovation management.

We do need to recognize changing conditions and begin to plan out our responses, both short and longer-term through a well-crafted transformation road map. The 3H can underpin this.

## So where are you viewing the world from?

### Why Expand the Innovation Horizon?

Many of our organizations are viewing the world from where they are. This is often in the safety of their offices. They feel comfortable to stay with what they know.

They only see change when something suddenly triggers their perception and the world alters, and it then gives way to a new horizon of sight. Often these can come far too late.

What needs to challenge this place of “the world of where we are” and prompt fresh thinking so we can allow one of emerging knowledge and insight to enter into. One where perhaps we are blending our imaginations, with some envisioned destination, where change will likely alter today’s dominant position. We need to prepare for it as these insights can radically alters our present position. We become open to change, to think differently.

### We need to see the clues all around us

We need to reflect and see how we can forge those new innovation patterns. A methodology that helps raises our future consciousness and moves us to building new competencies for future competitive advantage is surely valuable?

We cannot stay trapped in our offices; our constant need is to find all possible means to be fully engaged and well-connected into the changes taking place within and across the world.

## Managing the present, moving towards the future



David Tenison Peacock - Dale Witherspoon

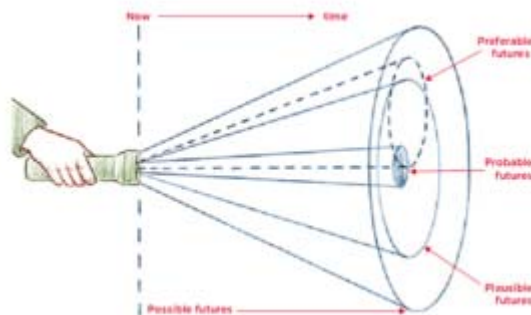
In any future thinking there are numerous uncertainties, yet we also need to address the familiar *“the way we (presently) do things around here”*.

We need to grapple with *“how can we ‘keep the lights on’* but equally move towards a different horizon without *“betting the shop”* and totally disrupting all we have built up? This requires even deeper thinking.

Something that requires us to re-equip, challenge existing and entrenched ways of working, bring in and fuse new skills and capabilities, push experimentation and exploration far more, tolerate failures in new ways, keep shareholders happy, recognizing the need to make change for a potential sustaining future. Possibilities of changes in our ways of working and approach begin to unlock and open up to different thinking.

The unlocking of the future is partly recognizing the future patterns, yet is equally releasing us from the dominance of old ways of working, systems and structures – ways we have been increasingly sensing are no longer truly work well for us.

## We need to shape our future intentions

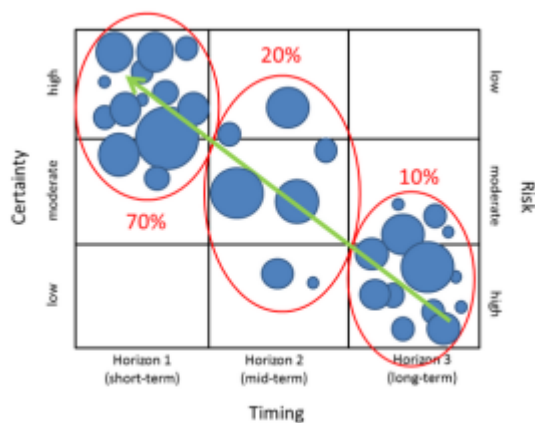


It is the second horizon; you can read a further post specifically on this 2nd horizon, [“entering the zone of uncertainty”](#) within this framework, that is the hardest one to work through.

This is the [transitory horizon](#), balancing today's business with the investigations and new possibilities to lead towards a future.

Our abilities to manage this transitory zone (the 2h) is vital for our innovation management, it holds the key to staying locked in the present or moving towards a sustaining future built on different views and perspectives

## For me the value of the 3H is in its use within innovation's management.



The three horizon framework offers a [map of transformational potential](#) which allows us to move towards finding new skills, degrees of new freedoms and creativity, we are striving for a balance between existing and preferred, based on present day understanding.

Scoping out the future needs for innovation to address needs different thinking. It needs foresight and exploration. It needs to allocate resources across the three different horizons and each of their respective challenges of the future needed from innovation.

This is why the 3H is, for me, a very valuable approach to managing innovation in the present and for the future.

## The 3H framework prompts the need for transformational capacity.

I believe there is great value in exploring innovation possibilities through a framework that can support the often diverse management thinking, one that is far more strategic in its focus on exploring the options, working through different scenarios and mindsets, and then adjusting the resources accordingly, or identifying required new ones.

A framework that 'sketches out' that future promise can significantly improves strategic and innovation alignment, help set organizational direction and defining and allocating resources appropriately.

It frames discussions, it is [a navigational guide](#) to allow for framing challenges and seeing perspectives in different frames, so as they can be addressed. The 3H helps scope out the pathway of change from today's existing innovation approaches. It takes you through the

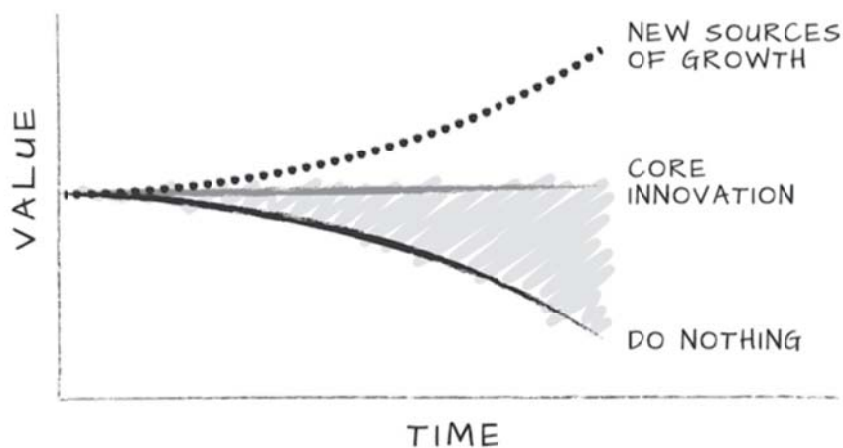
key milestones to the future envisaged and allows you to distinguish different horizon challenges.

**Working with the 3H approach can be a very powerful tool for managing our innovation future.**

## COLLECTIVE DISRUPTION

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### THE NEW GAME



Any framework that draws out concerns, differences of opinions and prompts transformational discussions. This can be a very powerful management tool. If it provides the platform for framing and recognizing what needs to change.

If it can help to begin to flesh any capability gaps, stepping-stones to cross and if it can 'point' toward the action and activities that need to put into place, so the organization can make their moves towards that different innovation future, then it has great value within any organization wanting to manage and structure its innovation activity.

I believe the three horizons approach can contribute significantly to this aim of managing innovation and giving organizations a sustaining future. I certainly recommend it.



## 4 Are you engaging with all the different voices around you?



Having different perspectives and voices will enhance your innovation activities, they provide diversity, stimulus and greater options for you to consider the future innovation journey. How do we set about engaging with all these different voices surrounding innovation?

### **Have you ever worked with the three horizon framework?**

It is really useful for managing your innovation activities, drawing out the often conflicting voices within the organization on how to take innovation forward. The approach can unlock you from just being caught in the present, to one of envisaging a future that then allows you to begin to build different capabilities, competencies and capacities.

Find out more [here](#) and [here](#) and [here](#) on the three horizons or within this blog site put “[three horizon approach](#)” into the search box. You will find I have provided a considerable overview in different posts thoughts on the 3H thinking and why I place such value in it for innovation’s evolution.

### **The fresh perspective within the Three Horizon Framework**

The 3H framework offers a perspective that accepts the need to both address the multiple challenges that occur in the first horizon, foster the seeds of the third and, allocate appropriate focus and resources to manage the transitions from one to another.

What makes the model valuable to innovators is that it ‘accepts’ that competition is restless, markets are evolving, and that change is a constant. The three horizons approach offers the methodology for constructing plausible and coherent innovation activities projected out into the future. It looks for emerging winners.

The 3H not a planning tool; it is providing a valuable evolutionary perspective that dialogues can be formed around, so decisions on where to focus and what resources to apply can be based on a more plausible and coherent set of activities projected into the future, searching for emerging winners, those that can potentially change and challenge your existing business but evolve it in clear ways. The 3H is a dialogue mechanism to help frame the evolving journey and allow you to move towards it in a better structured way.

The need is to discuss the challenges in horizon one and nurture the seeds of the third. It is not an either/or, good/bad discussion. You need those robust discussions to form fresh perspectives. The key is in listening out and becoming adept at managing these conversations between the 'voices' of the three horizons.

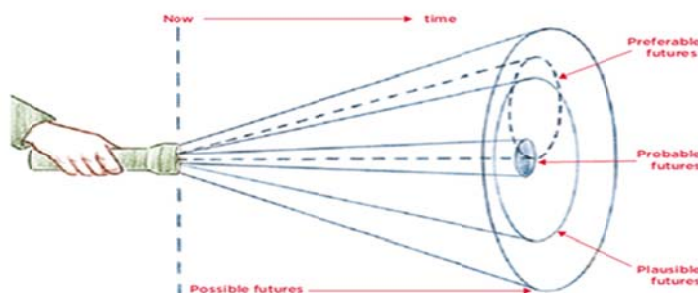
## The three voices that need to be in the same room

- You have the voice of today, *the voice of the manager(s) responsible* for delivering today's result that are more concerned with managing the existing, maximizing returns and keeping the organization going efficiently and effectively.
- Then you have the second voice, *the voice of the entrepreneur*, the one eager to experiment, try out new things, explore and extend, accepting some aspects will not work
- Last we have the third voice, *the voice of the aspirant*, who is looking to build a different vision, believing in different, more pioneering ways and visualize things in their 'mind's eye', far more aspirational, that can seemingly on first 'take' look to be totally incompatible to the reality of today.

The different voices involved can be highly engaged, all wanting to add their perspective, you need to listen to them. You need to search for common ground, growing recognition and sometimes realization, that these are not so much separate voices, but actually ones that can all be combined, to provide a far greater outcome when they can 'see the same future' but through their own specific voice.

It is the combination of these different three voices that need to come together and help frame the innovation journey. It is by applying and using the three horizons framework and its methodology you can draw out and advance better outcomes for your future innovation activity.

## There is this powerful need to look towards the future



Based on what we know today and what we can set about building and exploring, does hold the exciting promise of the future. Look out of ourselves offers a more rewarding prospect. Valuing the often conflicting voices around us or even seeking them out provides for richer promise.

We need to keep reflecting upon what is dominant, prevalent and seems to be pattern-changing, as these positions are constantly shifting. Scanning the horizons and what is simply all around 'us' offers those '*pockets of the future*' to invest in, explore and experiment, to be open to change, to shape and prepare for, to become far more "future ready".

Initially these pockets of the future may seem a long way off, *often just really weak signals*, but are indicating different, perhaps far more radical and perhaps disruptive changes for our organizations to re-equip for. The earlier you can spot and organize for changes ahead the greater the chances of building the different capabilities and competencies these are more likely to need.

Technology clearly comes to mind with wave upon wave of change is crashing against the established rocks, beginning to weaken the existing structures and form new ones. Innovation gains from this constant flow, *if* you are ready to receive it.

## **Change does come from different experiments and explorations**

It is partly through the treatment of innovation, feeding into the system a rising wave of future innovations that alter positions. Staying stuck in 'just' incremental to serve the existing conditions in the market seriously constrains you for the future, you stop growing, exploring, being curious and experimental.

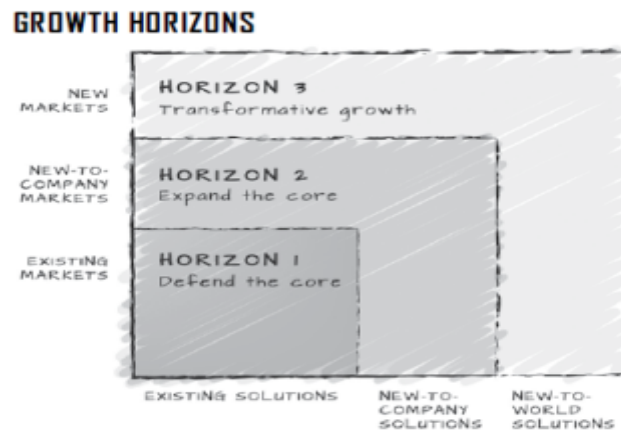
You need to encourage experimentation, testing, prototyping, accelerating the learning and then being ready to scale what holds promise and abandon what seems not too. For this you need all the voices within your organization seeing the future, so they can consciously work towards it, even when it might seem vague and not fully clear. The 3H framework draws out discussions, it helps project into the future.

***Just always remember, the present is already in decline.***

**Look out, do not stay locked in.**

**Entrenchment limits your options to break out, as much as you might feel it needs defending, as its providing your present day core yet it is 'holding you hostage' not able to break free and embrace the future in the planned ways you can achieve.**

## 5 Drawing out the different voices within the three horizon methodology for Innovation



We so often struggle to articulate our innovation activity and then can't seemingly project our plans into the future in consistent and coherent ways. We often lack the framing necessary.

If this rings true of the innovation activity in your organization, then it is in danger of being seen as isolated, one-off events, that fail to link to your organizational strategy. Furthermore you'll be missing out, or not capitalizing on emerging trends and insights where fresh growth opportunities reside.

I so often come back to the messages we need to learn, which centre's around the three horizon methodology.

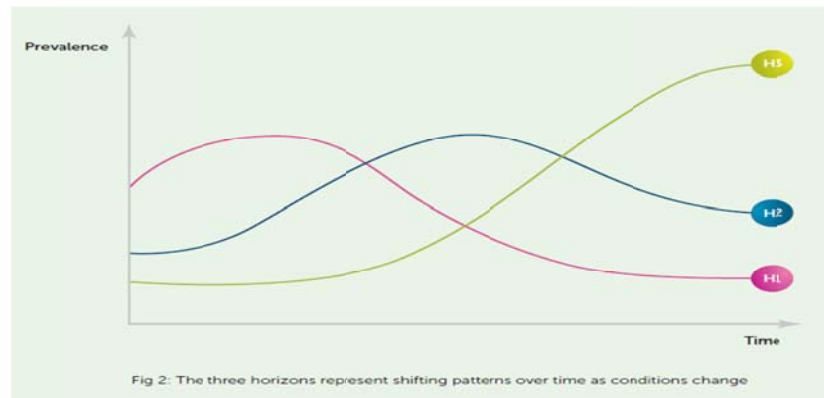
I just wish this framework would be adopted far more within organizations those wanting to build a sustaining dialogue around innovation; it can be such a powerful enabler.

How can we become increasingly alert to social shaping, as well as emerging technology and discoveries that might lead to new horizons and fresh growth? There is a powerful need to connect our 'today' with 'possibilities' in the future. These options, which are often only just 'emerging', often referred too as weak signals, can be challenging as they offer both conflicts and uncertainties for our innovation future. The way to counter concerns is to build an ongoing dialogue across the organization to frame your innovation needs across the entire innovation / business portfolio.

### The value of applying the Three Horizon Methodology for Innovation

Thinking in different horizons prompts you to go beyond the usual focus of fixing innovation just in the present. The [Three Horizons Methodology](#) connects the present with the desired future and identifies the 'seen' disruptions which might occur in moving towards a vision.

This first emerged in the late nineties through the work of Baghai, Coley and White (1999) and has been further developed by a range of practitioners such as Andrew Curry, Anthony Hodgson and Bill Sharpe (2008) and the [International Futures Forum](#), based in Scotland. It is through the IFF group of forward thinkers I have learnt to appreciate the value of the three horizons and the way they have set about explaining their approaches and framing. One of these being this concept of separate ‘voices’, as I recognized how well it can work within our need to think through innovation into the future.



This methodology lends itself well for mapping out the different horizons for innovation to begin to position capabilities, capacities and fill-in those needed competencies, to manage across different opportunities that emerge. It also requires a certain amount of ‘letting go’ as well as ‘embracing’ a future that still may have many uncertainties that can really challenge our established mindsets.

Its value – *if well-managed* – can offer a helpful way for a significant series of dialogues and tensions to surface, but through this engagement and respect for different positions you can find mutual ways of connecting your innovation activities over different horizons, and managing uncertainty in better ways as a team or organization.

The Three Horizon framework is about having strategic conversations about the future and feeds the conversation about your innovation direction and longer-term portfolio and capability understandings.

## Exploring across the Three Horizons – each horizon needs a different thinking frame

We need to clarify how to identify the **existing prevailing or dominant system** and the challenges to its sustainability into the future, i.e. the case for change (**horizon 1**). Innovation can lose the ‘fit’ aspects over time as the external environment changes.

We also need to think through **the desirable future state, the ideal system you desire** and the **emerging options**. Those that can displace what you already have. Often you can find elements in the present that give you encouragement (**horizon 3**); keeping yourself open to all options that could lead to transformational change.

Often the struggle is to draw out the nature of the **tensions and dilemmas** between vision and reality, and **the distinction between innovations** that serve to prolong the status quo and those that serve to bring the third horizon vision closer to reality (**horizon 2**); This is the

space of transition, often unstable, called the intermediate space where views can collide and diverge.

## **We work this framework in a specific sequence of H1 – H3 – H2.**

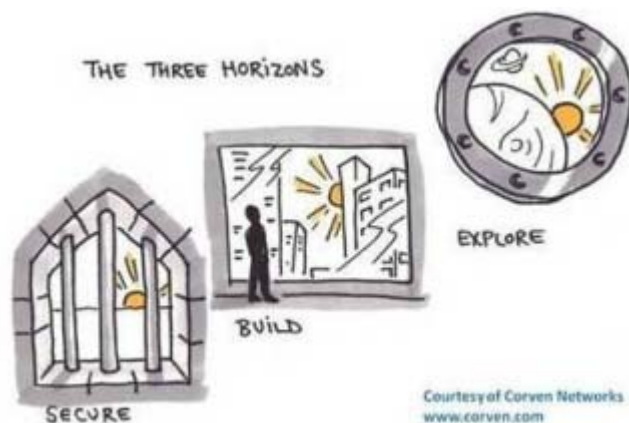
There is a good reason we look at H1, then H3 and then H2 in that order. Horizon two is the toughest one, as it needs to balance between today's existing innovation and those seen as important to the future. H2 is your transition horizon, one where you need to learn, to gather, to pilot, prototype, place limited bets and investment to learn and adjust as you work towards improving your understanding and knowledge for making the ultimate move of managing what is or shaping in horizon three.

To get there, you will adjust, pivot and constantly reshape as you learn and experiment. This is the value of this horizon 2 as you work out how the landscape is changing and requiring constant adjustments. The horizon 2 tends to work on those *sustaining* innovations (h2-) and those *transformative* innovations (h2+).

## **There are always plenty of uncertainties to map and resolve**

Clearly it's not acceptable to stay still and be good at what you already do and expect this to just continue out into the future. We need to consciously evolve in how to counterbalance today's business needs with new business opportunities offered out in Horizons 2 and 3. These are providing you with a more robust innovation portfolio of options under investigation and development.

## **Having different perspectives will enhance your innovation activities**



The 3H framework offers a perspective that accepts the need to both address the multiple challenges that occur in the first horizon, foster the seeds of the third and, allocate appropriate focus and resources to manage the transitions from one to another. We secure, build and explore across these different horizons.

What makes the model valuable to innovators is that it 'accepts' that competition is restless, markets are evolving, and that change is a constant. The three horizons approach offers the

methodology for constructing plausible and coherent innovation activities projected out into the future. It looks for emerging winners.

This is not a planning tool; it is providing a valuable evolutionary perspective that dialogues can be formed around so decisions on where to focus and what resources to apply can be made on a more plausible and coherent set of activities, projected into the future, searching for emerging winners that can change and challenge your existing business.

The need is to address the challenges in horizon one and nurture the seeds of the third. It is not an either/or, good/bad discussion. You need those robust discussions to form fresh perspectives. The key is in listening out and becoming adept at managing these conversations between the ‘voices’ of the three horizons.

## **The three voices that need to be in the same room**

The different voices involved can be highly engaged, all wanting to add their perspective:

- You have *the voice of today*, the incumbent, the manager(s) responsible for delivering today’s result, very much operational and result orientated, that are more concerned with managing the existing, maximizing returns and keeping the organization going efficiently and effectively.
- Then you have the second voice, *the voice of the entrepreneur*, the one eager to experiment, try out new things, wanting to push further, to explore and extend, accepting some aspects will not work but keen to investigate, experiment and learning from these discoveries.
- Last we have *the third voice, the voice of the aspirant*, who is looking to build a different vision, believing in different, more pioneering, perhaps radical solutions that seeks to visualize things in their ‘mind’s eye’, far more aspirational. This concepts often can seemingly look on first ‘take’ to be totally incompatible to the reality of today but are picking up on ‘weak signals’ that are out there that signify a changing future that might impact your own.

It is the combination of these different three voices that need to come together and frame the innovation journey by using the three horizons framework.

You really should give it a far greater consideration within your innovation toolbox, it ‘aids’ the framing of your present to future needs and gives ‘voice’ to all the different thinking and opinions on building the innovation pipeline, balancing the portfolio and helping to identify all the gaps and opportunities that need resolution.

## 6 Innovation needs different time and thinking horizons



We often constrain our innovation because we ‘shoe horn’ any conceptual thinking into a given time, usually the yearly budgetary plan, so it dominates the actions decided and can exercise a large influence in this constraining of ideas to realization.

We should make the case that different types of innovation operate and evolve over different time horizons and need thinking through differently.

### **We have three emerging horizons that need different treatment for innovation.**

**1. Those innovations meeting given goals that support today’s business**– these should be within specified period covered by a yearly plan and cover mostly incremental innovation. They provide the source of energy to feed the future, they form our present core but are more than likely already in some form of decline, however you prop them up.

**2. Objectives that are more disruptive in nature** – these are often attained later, after a lot of experimenting until a clear approach emerges. These need to be progressed within the period but have a likely longer horizon, in this case our horizon two within the three horizon framework but usually more than one planning cycle of 12 months. Sometimes they can take two to three years to emerge.

**3. Ideals that offer Future Radical Promise**– unattainable within the usual time period, longer term, but the progress is certainly possible during and after the period planned as they move from a ‘weak signal’, detected today by probing and investigating over an extended period of time. Some of these emerge as the business of the future from exploring, experimenting and building understanding.

### **We should see these as entirely different in the need to manage and judge**

Breaking down all of innovation into milestone achievements firstly, so time gets signaled and clarified early, the efforts ahead and resources need get ‘fleshed out’ so then we can think



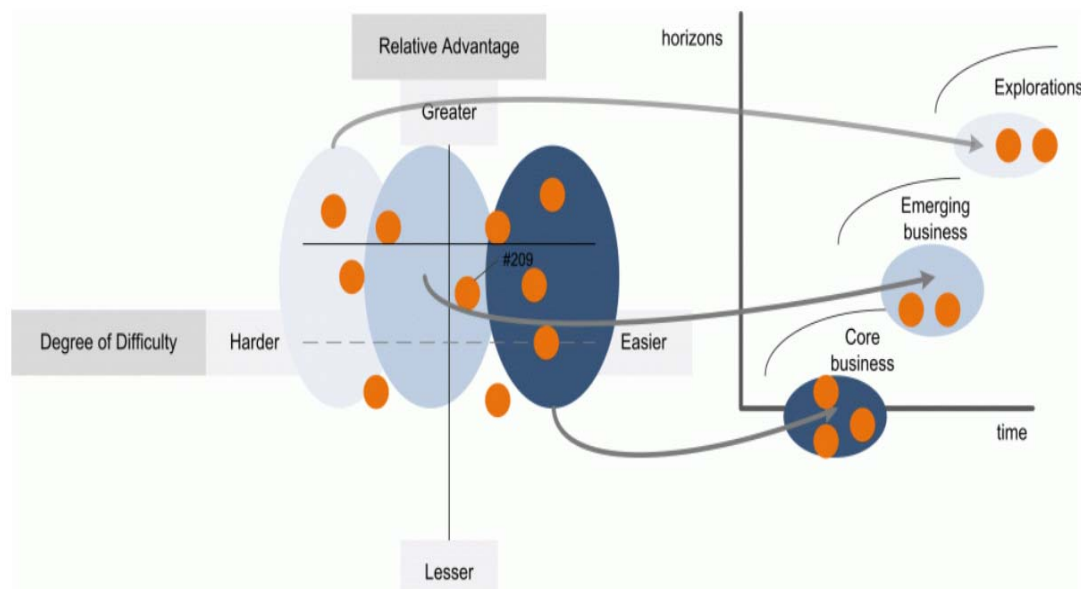
to apply this into a fit with our more traditional planning cycles. This will allow us to determine the commitments and resources and help qualify the returns to structure these accordingly. As we determine the portfolio of innovations we then need to apply entirely different measurement and performance criteria for each time and thinking horizon.

Our existing planning does needs to account for [all three horizons](#), they cannot be simply fitted into one set of plans, all having clear metrics and financials. In many cases it simply ignores the differences completely and forces short cuts, dilution of a great, potentially radical idea , so it becomes ‘boiled down’ into a series of part disrupting but more often incremental innovations that fails to deliver the greatest impact that a different time and thinking approach can achieve..

Often the time horizon of possible desired innovation often has these real conflicts. The actual realities and needs of the organization, especially in the short-term, we lower the innovation impact in final delivery. We fall back on incremental solutions as the organization does not have the patience, appetite or desire to see through the potential fully.

## Thinking differently requires different mind-sets.

It is such a pity the different time horizons for different types of innovation are not simply treated differently in most organizations thinking and planning. We need to ‘account’ for innovation differently.



We need to think our numbers, activities and planning differently for innovation, pure and simple. We need to ‘project’ innovation across different horizons, each with its own distinct goals, objectives, often dedicated resources and investment criteria.

Otherwise you end up with innovations that are simply incremental that competitors can easily copy, and quickly. We fall into the trap of chasing each other to the point of ever-increasing commoditization, known as the race to the bottom, as you failed to invest sufficient time in building the new capacities for the future business to climb above this and put profitable distance between you and others.

## Clarifying the innovation purpose and recognizing distinct differences- we need to listen and *value* each other's contribution.



Any coherency of innovations purpose, *of what you want to achieve*, and then set about this by simply applying this in a rigid accountancy planned way *does not work*. Unless you treat all the different aspects of innovation differently in planning cycles and recognize these are needed to be managed in clearly different horizons that have different criteria, *you will fail*.

Innovation operates through a different set of behaviours and also in its delivery commitment and purpose from 'business as usual'; it is searching for "*business not so usual*". This requires different mind-sets at the C-level and throughout the organization to explore and develop.

The need is to constantly manage different expectations of when, where and why the potential value being extracted is worth pursuing and be patient in working towards goals that strengthen over time for achieving a far greater impact and return on investment.

Breakthroughs happen but usually with a lot of hard work and dedicated sense of commitment, even when you have set backs but you need to forge this different mentality that broader innovation needs to be treated *differently* and where it fits within the horizon framing.