The HBR List

[Breakthrough Ideas for 2006]

Our annual survey of emerging ideas considers the single most important trait of future leaders, the marketing potential of digitally split personalities, a challenge tougher than managing risk, and the best hope for oil-importing countries.

HUAN TRAN

When a group of 20 or so provocative thinkers on business, management, and economics got together last July at the World Economic Forum's headquarters in Geneva to come up with a list of "breakthrough ideas," people initially stopped to ponder the term. Must a breakthrough idea be enduring as well as earthshaking? Does it represent immediate or future opportunity? Is it defined as much by the way it is expressed as by what it is? Indeed, must it be a brand-new idea at all, or can it simply be one poised to break through from theory into practice?

Despite the variety of definitions offered up, a theme began to emerge from the discussion. A breakthrough idea is a springboard, not a perfect landing; a conversation provoker, not a definitive answer; a starter's gun, not a finish line. It's something that makes you stand up and take notice, not sit down and work out the application of a specific formula.

That is certainly true of the 20 essays in this, our sixth annual HBR List. They are designed to deliver sharp-pointed concepts that may pop open a whole new way of looking at a particular management challenge – or simply prod you into some long-overdue thinking about an issue.

As we did last year, we've collaborated with the World Economic Forum in the compilation of the List. Besides the brainstorming session last summer, a number of sessions devoted to the ideas were held at the WEF's annual meeting in Davos, Switzerland, last month. We hope that you are as stimulated by these ideas as we were in seeking them out and in discussing the possibilities they raise.

Their workers enjoy better health and quality of life while they realize more productive employees and improved financial results.

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Peer-to-Peer Leadership Development

In 1995, two young U.S. Army officers who had been friends at West Point found themselves living down the street from each other at a base near Honolulu. Nate Allen and Tony Burgess were both in their first stints as company commanders, each responsible for three platoons, or about 120 soldiers. At the end of the day, after their kids were in bed, the two would get together on the lanai and talk through the challenges they faced in their new assignments.

Out of those back-porch bull sessions grew a venture called Company-Command, an internal Army Web site where junior officers facing professional challenges can seek advice from others who have been in similar situations. Launched as a low-budget Internet discussion group financed largely by its two founders, CompanyCommand was ultimately brought behind the Army firewall and, to encourage participation, provided with funding, technological support, and greater structure. Just as communities of practice help employees develop greater technical competence through the exchange of ideas among peers, so CompanyCommand is designed to help individuals improve their leadership skills through the sharing of experiences and advice. The program offers a new model for leadership development within an organization, one that has some advantages over both informal social networks (which often are formed by chance and function based on participants' geographic or organizational proximity) and structured company training programs.

Peer-to-peer leadership development challenges some traditional assumptions about the training of future leaders. Instead of drawing on the wisdom of anointed experts, CompanyCommand provides young officers with knowledge based on the daily struggles of frontline professionals like themselves. Why the emphasis on peers? Knowledge accumulated by experts over the years may no longer be relevant in a rapidly changing battle environment like Iraq. People have greater trust in, and therefore are more receptive to, advice from someone in their situation. Furthermore, peer conversations can provide emotional as well as practical support. When fellow officers respond to your query about handling the combat death of a soldier who was a galvanizing force in your unit, you don't just get useful tips – a sample letter of condolence written by another officer in a similar situation, for

just in case. When that soldier from your unit is lost in combat, you don't have the luxury of waiting for the next training course in personnel management, which wouldn't be tailored to the specifics of your situation anyway.

Finally, CompanyCommand replaces the one-way flow of information typical of training programs – the pour-and-snore approach – with fluid online conversations. This format means that questions can be refined, issues can be reframed, and a solution can be woven from several people's advice. Frequently, the conversation about a given topic – say, a changing security environment in Afghanistan's Shai'kot Valley – is taken off-line and expanded to include other participants, through conversations around a Humvee or, more formally, at occasional gatherings of Company-Command participants. In this off-line setting, CompanyCommand bears similarities to CEO roundtables and similar forums in which business leaders from

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example, or suggestions on helping your unit members deal with the blow. You also get the reassurance that others have been through this before and that they care enough about you to respond.

Another difference from conventional leadership-development training is the focus on context-specific rather than broadly applicable advice. People go to CompanyCommand for help with a particular issue and draw on knowledge that has grown out of another individual's unique experience. Because users seek information to solve particular problems, the information must be available immediately – just in time, not

different companies get together in person to learn from their experiences.

In adopting this kind of peer-to-peer approach, an organization gives up considerable control. Despite the Army's oversight of CompanyCommand, junior officers run the show, facilitating conversations and setting the agenda. Many organizations wouldn't feel comfortable placing this kind of trust in their people (who in turn would find it hard to develop the trust in the organization needed for candid conversations to occur). Those enterprises would begin to wonder if the program is worth it, both in money and in employee time.

And, it must be said, a program like CompanyCommand is designed to meet individual development needs rather than institutional objectives. But by creating a place where soldiers can freely and in their own way develop leadership skills, the Army is enhancing the quality of today's and tomorrow's leaders – certainly a primary goal of any organization.

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Unstick Your Customers

Paco Underhill's acclaimed 1999 book, *Why We Buy*, exposes how merchandisers get us to pile our shopping carts with items not on our lists. The most popular products are placed at the back of the store, and retailers fill the intervening space with tempting goods. Customers must walk by displays to get from the top of one escalator to the bottom of the next. The most appealing offers are positioned at eye level.

Physical space in stores is "sticky" – people *must* pass through it to get where they're going. The Web, by contrast, lacks natural stickiness. A profusion of links encourages users to leap from one "lily pad" to another, and it's as easy to leap from pad A to pad Z[10] as from pad A to pad B.

The ease of Web shopping is creating higher expectations among consumers. So imagine that you designed a physical store that mirrored the Web's best practices for getting customers to make purchases. Customers would get out quickly with exactly what they need, never forced to double back for forgotten items. The result would be increased loyalty and lifetime expenditures.

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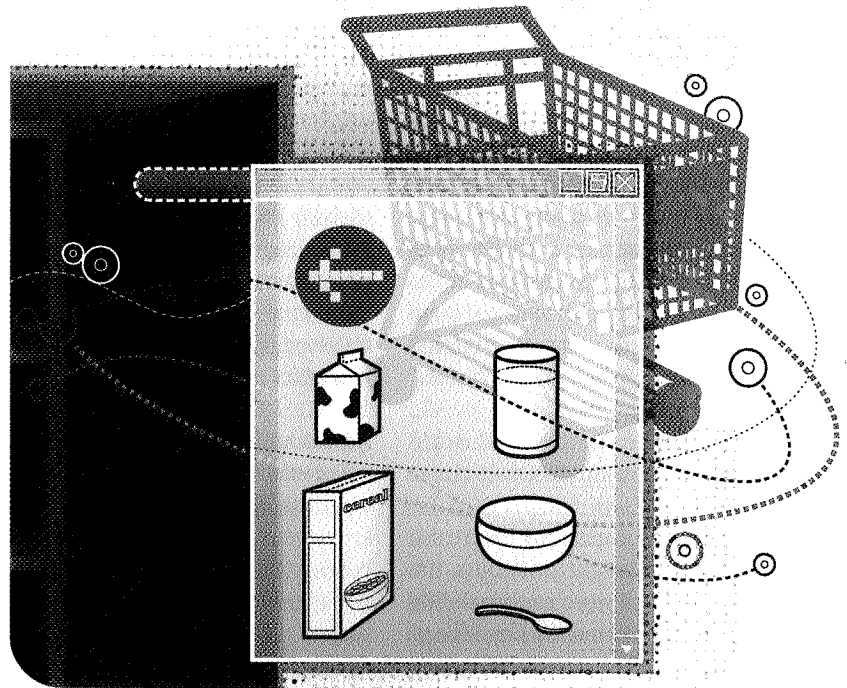
space. The first principle of Web design is that signage be clear, visible, and well thought-out, with logical and consistent naming and arrangement of product categories. So the same must be true of the signage in your physical environment.

Second, the Web makes it easy for shoppers to get as much product information as they want. Real-world stores can do something similar by, for example, placing detailed catalogs in the appropriate aisles, putting cards that highlight distinctive features on shelves, and positioning knowledgeable sales attendants around the floor. As on a well-designed Web site, however, all that information should never get in the way of customers who just want to come in, grab that DVD of *Look Who's Talking Too,* and get out.

Third, e-commerce sites serve both their own interests and their customers' by suggesting appropriate add-ons. A

real-world store can do that by, for example, grouping stereo receivers with the corresponding set of cables, or using signage to indicate everything the consumer will need to use the product and exactly where to find it, even if that means pointing him to another store. For years, supermarkets have positioned the pasta sauce next to the noodles; an appropriate add-on here might be a lasagna recipe on the shelf along with the aisle number for ground beef and the address of a nearby wine merchant where customers can buy a nice bottle of Chianti.

Finally, Web sites draw on customers' past purchasing behavior to present clusters of products they buy frequently. Real-world stores can't customize offerings for each customer, but they can make it easier to find the most sought-after goods overall. Move the milk to the front.