

HARNESSING THE POWER OF SURPRISE



THINK ABOUT THE FIRST TIME you picked up an iPod, iPhone or iPad and experienced the touchscreen as an extension of your fingertips. Reflect back on the first time you played the **Nintendo** Wii, drove a **Toyota** Prius, used **Purell** hand sanitizer, discovered the trendy design of **Method** soap, visited **Starbucks**, or saw **Cirque du Soleil**. The list of the usual suspects of breakthroughs could go on and on. Though these things are all quite different from one another, they tend to produce similar feelings of positive surprise—with a hint of delight, wonder, and intrigue—when we first encounter them.

My first personal experience with what I felt was a real breakthrough came when I was seven years old and I poured a packet of Pop Rocks into my mouth. I'll never forget that tingling, crackling sensation all over my tongue. It was so new, so delightfully unexpected. Candy just wasn't supposed to do something like that! I also remember when I first signed up for **Netflix** and realized that I would never again have to schlep to the video store or pay a late fee (like the painful \$18 penalty I once had to fork over to **Blockbuster** because my kids left *Chitty Chitty Bang Bang* under the couch). I had come to blindly accept the fact that a standard \$3 movie rental really equated to about \$10. What an incredible relief it was to be saved from my passive acceptance of the late-fee factor.

That's what breakthroughs are all about: seemingly out of nowhere, we experience a strong dose of remarkable newness that adds value—fun, happiness, time savings, financial savings, and so on—to our lives. Most people view business breakthroughs as stemming from new technologies or products. Sure, innovative products are often the most celebrated examples, but in today's world, more and more breakthroughs have less and less to do with high-tech wizardry. Breakthroughs can happen within specific business functions too, such as finance or HR departments, sales forces or anywhere else for that matter. Regardless of what a specific business breakthrough is or does, it usually challenges our assumptions and revises our sense of what we thought was possible. And, as a result, it surprises.

Perhaps my experiences don't match yours. Maybe you never tried Pop Rocks or, if you did, you didn't like them as much as I did. And perhaps you don't have a Netflix subscription. But my guess is that you can point to something at some point that gave you that feeling of freshness and wonder—and that something is our starting point.

The surprising nature of breakthroughs transcends industries and different-sized organizations. In 1987, **Niall Fitzgerald** became director of Foods and Detergents at **Unilever**. One of Niall's philosophies was that management and leadership were two different animals. "Good management brings a degree of order and consistency. But the leader must allow some chaos—even *create* chaos to liberate the

risk taker,” he once said. And liberate the risk taker he did. The same year that he took the head job, he sponsored a new team to do something radically different in the world of food at the time: sell ice cream to adults.

Back then, ice cream was kidstuff. Aside from enjoying a sundae or a cone now and then with their children, most adult consumers barely gave the frozen treat a second thought. Unilever had been trying to figure out a way to change these ideas and break into the grownup market for more than a decade. But it wasn't until Fitzgerald showed up and got a little risky—or should I say, *risqué*—that things took a turn for the better.

Set upon an artfully designed stick, Unilever's Magnum ice cream bars touted high-end, sensual indulgence—rich cream, thick chocolate and premium packaging. Its titillating advertisements reinforced this racy image. Many of them would probably be banned from running in some places; check out the “Magnum Five Senses” video on **YouTube** to see what I mean. On first blush, it would have been easy to think Magnum's excess would have gone the way of **Krispy Kreme's** boom-to-bust doughnuts; but under Niall's leadership, the brand grew and expanded across Europe, and it has recently been introduced in the U.S. Even without a significant presence in the enormous American market, Magnum sells enough bars in a year to treat about one-seventh of the world's population to its creamy indulgence—yes, that's one *billion ice cream bars per year*.

Magnum's incredible success is tied to several surprising things. First, linking ice cream to adult themes was nothing short of scandalous in the late 1980s. One of Magnum's first ad campaigns invited consumers to “Have a Magnum affair.” This brash, unapologetically adult-oriented strategy paid immediate dividends. People were naturally tempted to take Magnum up on its offer.

Second, while most ice cream companies tend to focus on reducing costs and expanding distribution, Magnum went in the opposite direction. Instead of cutting prices and going after new markets, the company put out limited-edition flavours like its “Seven Sins” and “Five Senses” bars. In so doing, it managed to do what would have seemed impossible several decades earlier: it made ice cream on a stick a luxury item. Indeed, everything Magnum does encourages us to give in to the impulse to treat ourselves to ‘indulgent pleasure’—something any of us who have paid five bucks for a **Starbucks** latte can relate to. Today, offering adults a temporary escape through fine chocolate, a cup of gourmet coffee, and of course, ice cream, is a fairly common occurrence. Back when Niall first launched Magnum, though, it was a surprising concept that challenged assumptions.

For those interested in pursuing surprise, here are some questions to consider:

- What is an example of a breakthrough within your own industry?
- What old assumptions or barriers did this breakthrough challenge or overcome?
- What impact did it have?

Although Unilever is an example from the business world, breakthroughs are just as relevant and important to social, educational, health care, political and other organizations.

If **Mother Teresa** had earned an MBA, she might have become a lot like **Housing Works'** co-founder **Charles King**. King and his late partner Keith Cylar opened Housing Works' first thrift store in Manhattan in the mid-1990s. This was not your typical **Salvation Army**-style second-hand shop. King and Cylar's surprising approach began with the idea that thrift stores don't have to be dingy caves with bins of scrappy clothes. In fact, they did not accept all, or even most, donations: only the highest-end goods were allowed in. “We see ourselves as the **Barneys** of thrift shops,” King once said.

That first location was so successful that Housing Works soon opened another shop to handle the demand, and then another, and another still. There are now ten Housing Works thrifts around Manhattan, and in 2009, the company expanded to Brooklyn. The new store across the East River made a million dollars in its first year—in the midst of the recession. By hosting upscale events like fashion shows and celebrity clothes auctions, King and the rest of the Housing Works team have turned the thrifts into must-visit attractions. *W Magazine* once hailed the stores as the “hottest” in the city, “the place where the city's fashionistas drop off last year's **Prada** and **Comme des Garçons**.”

The company has built prestigious brands for its other money-making enterprises, as well: it recently hired well-known chef **Michael Sherman** to design menus for its café and catering business; famous writers give readings at a bookstore run by Housing Works; and big-time music acts like **Bjork** have performed at Housing Works benefits. All told, Housing Works' social enterprise investments yield a quarter of its \$43-million annual budget. Most of its other revenues come from fee-for-service contracts with the government. This arrangement, as opposed to the traditional cost-reimbursement model, also allows Housing Works to keep any proceeds from cost savings or efficiencies that it puts in place.

King's commitment to making money has been controversial in the non-profit world. Some see it as a conflict of interest or a potential distraction from the group's mission. But

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for King, it's a matter of survival, born of long experience. His belief is simple: "Non-profits need to stop going around with our hand out, begging. We must stop thinking of 'fund-ing' as charity and start thinking of 'financing' as an invest-ment that has real, quantifiable economic or social return."

From ice cream bars for adults to money-making non-profits, surprises are surprising because they're unanticipated. That may sound blindingly obvious, but it's an important point: if we know that something will happen, we're not as gratified because our expectations and assumptions are met. Business breakthroughs give us something we're not expecting to see or experience. And they almost always do this by overcoming seemingly set-in-stone assumptions about what's possible with products, services, business models, processes, or our organizations themselves.

We're Wired to Appreciate Positive Surprise

When I ask business leaders, students, or friends to think back on their favourite experiences with what they consider truly breakthrough new products or services, many can't help but smile. The range of things I've heard when I've asked the question is immense: iPads, **Disneyland**, Diaper Genies, **Facebook**, snowboards, rollerblades, **Zappos**, the Swiffer, Etch A Sketch, Crest White Strips, the **Amazon** Kindle, **Skype**, the University of Phoenix, **MTV**, **eBay**, Seg-way scooters, *Harry Potter* books — the list goes on. There is a reason for their Cheshire Cat grins: they're reliving the pleasure of being surprised. Not the kind of surprise when our older brother jumps out from behind a door and scares the crap out of us. It's the opposite kind of surprise—the kind that signals delight, appreciation and intrigue.

When we experience a positive surprise, it compels us to do three things:

1. Want to experience more of it;
2. Learn about how or why it works the way it does; and
3. Share it, so we can take a small amount of credit for others' own smiles of surprise.

It turns out that there is a physiological basis for these types of positive responses: our brains are built to like the 'pleas-ingly unexpected'. Two neuroscience researchers, **Gregory Burns** and **Read Montague**, discovered this fact in a pretty interesting way. Burns and Montague convinced some un-

suspecting research subjects to join them for a drink—in their lab. Their subjects were first hooked up to an MRI machine to measure their brain's 'pleasure centers' — the part of the brain responsible for pleasurable feelings, which lights up like a slot machine when people take addictive drugs or anticipate receiving money. After connecting their subjects to the MRI device, they asked them to open wide, just as they might do at the dentist—though what came next wasn't painful.

The participants hadn't been told what was going to happen, so no one knew that a computer was about to squirt water or juice into their mouths! Half of the people received water; the other half got juice. To further segment their re-search subjects, half of the people in each of the water and juice groups received their drinks at regular, predictable in-tervals while the others were continually surprised with ran-dom, sporadic squirts.

Burns and Montague presumed that people's brains would respond most positively to their preferred beverage. But they found that it didn't matter whether their subjects wanted water or juice: across the board, the brain's pleasure centers were most activated in those who received unpre-dictable, random squirts, regardless of the beverage they were given.

These two researchers pinpointed the fundamental mechanism behind why we perceive breakthroughs as spe-cial: we're wired to appreciate positive surprises. Whether it's **QuickBooks** or **Cirque du Soleil**, most of us recognize breakthroughs when we see or experience them because our brains are set up to appreciate the way they challenge as-sumptions while adding value to things we care about.

In closing

Breakthroughs share three common characteristics: they challenge fundamental assumptions about existing prod-ucts, services, business models, or organizations; they trans-form existing ways of doing business by rewriting rules or revolutionizing current practices; and they apply resources in entirely new ways, whether people, knowledge, relation-ships, or technology. Why not incorporate more of this into your business? **R**

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